

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT

1a. TYPE OF WORK

DRILL ☒

b. TYPE OF WELL

OIL WELL ☒

GAS WELL ☒

2. NAME OF OPERATOR

Thriftway Company

3. ADDRESS OF OPERATOR

Post Office Box 1367, Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

550' FNL & 1961' FEL of Section 4, NW NE 1/4

At proposed prod. zone

approximately same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

10.9 miles Northeasterly from Cisco, UT

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drg. unit line, if any)

550'

16. NO. OF ACRES IN LEASE

1487.06

17. NO. OF ACRES ASSIGNED TO THIS WELL

80

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

N/A

19. PROPOSED DEPTH

2850' ± Estrada

20. ROTARY OR CABLE TOOLS

rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

4602 GR

23. PROPOSED CASING AND CEMENTING PROGRAM

(slim hole)

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
7 7/8"	5 1/2"	14#	200'	circulate cement to surface
4 3/4"	2 7/8" tubing	6.4#	2850'	200 sx cement

EXHIBITS ATTACHED:

- "A" Location and Elevation Plat
- "B" Ten-Point Compliance Program
- "C" The Blowout Preventer Diagram
- "D" Multi-Point Requirements for APD
- "E" Route & Distance Road Map
- "F" Access Road and Radius Map of Wells in Area
- "G" Drill Pad Layout, Contours, and Cut-Fill Section
- "H" Drill Rig Layout
- "I" Production Facility Layout

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Pete Staley

TITLE Production Manager

DATE 2-11-81

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING

DATE: 5/18/81
BY: [Signature]

5. LEASE DESIGNATION AND SERIAL NO.
U-15054

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Federal

9. WELL NO.
Clayton #2

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. SEC., T., R., M., OR BLM. AND SURVEY OR AREA
Sec. 4, T20S, R24E, SLM

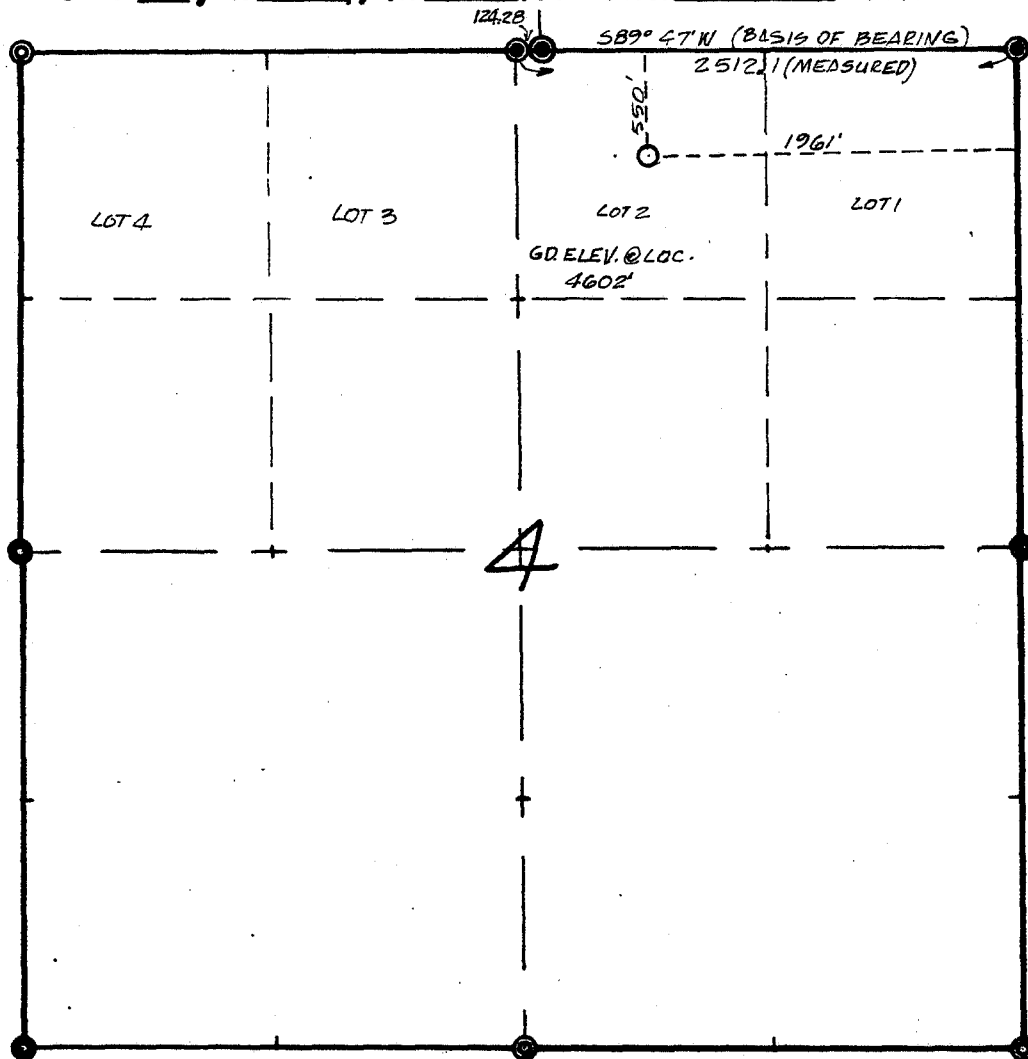
12. COUNTY OR PARISH
Grand

13. STATE
Utah

RECEIVED
APR 22 1981
DIVISION OF
OIL, GAS & MINING

SEC. 4, T. 20S., R. 24E. OF THE S. C. P. M.

EXHIBIT 'A'



LEGEND

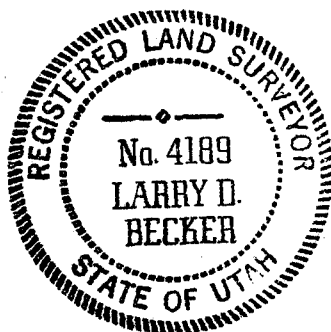
- STANDARD LOCATION OF GLO CORNERS.
- GLO CORNERS FOUND.
- WELL LOCATION STAKED.

REFERENCE DOCUMENTS

1921 GLO PLAT

DANISH FLAT, UTAH
QUADRANGLE, USGS

THIS WELL LOCATION PLAT WAS PREPARED FOR THRIETWAY CO.
AS REQUESTED BY BURKHALTER ENGINEERING, TO LOCATE THE
CLAYTON #2, 550' F.N.L. & 1961' F.E.L.,
IN THE NW 1/4 NE 1/4, OF SECTION 4, T. 20S., R. 24E. OF THE S. C. P. M.
GRAND COUNTY, UTAH.



SURVEYOR'S CERTIFICATE

I, LARRY D. BECKER A REGISTERED LAND SURVEYOR
IN THE STATE OF UTAH DO HEREBY CERTIFY THAT THIS
SURVEY WAS MADE UNDER MY DIRECT SUPERVISION AND
THAT THIS PLAT REPRESENTS SAID SURVEY.

Larry D. Becker
L.S. NO. 4189

SURVEYED	4/8/81	L.D.B.	ENERGY SURVEYS & ENGINEERING CORP.	1156 BOOKCLIFF AVE. NO 4 GRAND JUNCTION, CO. 81501 908 248-7221	SCALE 1" = 1000'
DRAWN	4/14/81	L.D.B.			JOB NO.
CHECKED	4/15/81	S.K.B.			SHEET 1 OF 3

Clayton #2

DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Land Management, holder of lease

DISTRICT LAND OFFICE: Salt Lake City, Utah
SERIAL NO.: U-15054

and hereby designates

NAME: Thriftway Co.

ADDRESS: Post Office Box 1367

Farmington, New Mexico 87401

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Operating Regulations with respect to (describe acreage to which this designation is applicable):

Grand County, Utah

T. 20S., R. 24E., SLM

Sec. 1: Lots 1, 2, 5, SW $\frac{1}{2}$ NE $\frac{1}{2}$;

Sec. 3: Lots 3, 4;

Sec. 4: Lots 1-3, S $\frac{1}{2}$ NE $\frac{1}{2}$ NW $\frac{1}{2}$; Sec. 13: W $\frac{1}{2}$;

Sec. 14: S $\frac{1}{2}$; Sec. 11: SE $\frac{1}{2}$, Sec. 23: N $\frac{1}{2}$ W $\frac{1}{2}$.

(1,487.06 acres)

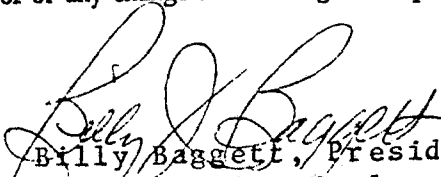
(E $\frac{1}{2}$ NW $\frac{1}{4}$)
NW NE

Note: This document supersedes any previous designation of operator document submitted.

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the supervisor of any change in the designated operator.


Billy Baggett, President
ARI-MEX Oil & Exploration, Inc.
(Signature of lessee)

Aug 1, 1980
(Date)

Post Office Box 249, Moab, Utah 84532
(Address)



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Moab District
Grand Resource Area
P. O. Box M
Moab, Utah 84532

IN REPLY REFER TO

3109
(U-068)

APR 2 1981

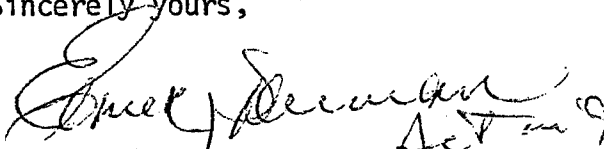
Mr. Larry Becker
Burkhalter Engineering
588 - 25 Road
Grand Junction, CO. 81501

Subject: Staking Request (PER): U-15054
Well: Jerry Clayton #2
Section 4, T. 20 S., R. 24 E.
Grand County, Ut.

Dear Mr. Becker:

This office has no objections to staking the above subject location. Would you include your bond number when submitting your application to drill. In addition you should be knowledgeable that Grand County requires a permit if you plan to use a county road as a portion of your access road. You should contact the County Road Supervisor. An archaeological clearance must be obtained after staking the site(s).

Sincerely yours,


Colin P. Christensen
Area Manager

cc:
Grand County Road Supervisor

Clayton #2

DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Land Management, holder of lease

DISTRICT LAND OFFICE: Salt Lake City, Utah
SERIAL No.: U-15054

and hereby designates

NAME: Thriftway Co.

ADDRESS: Post Office Box 1367

Farmington, New Mexico 87401

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Operating Regulations with respect to (describe acreage to which this designation is applicable):

Grand County, Utah

T. 20S., R. 24E., SLM

Sec. 1: Lots 1, 2, 5, SW $\frac{1}{4}$ NE $\frac{1}{4}$;

Sec. 3: Lots 3, 4;

Sec. 4: Lots 1-3, S $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$; Sec. 13: W $\frac{1}{2}$;

Sec. 14: S $\frac{1}{2}$; Sec. 21: SE $\frac{1}{4}$; Sec. 23: N $\frac{1}{2}$ W $\frac{1}{2}$.

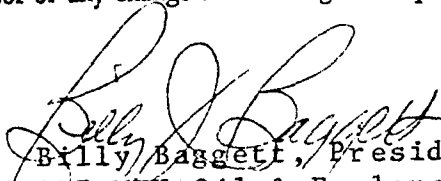
(1,487.06 acres)

Note: This document supersedes any previous designation of operator document submitted.

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the supervisor of any change in the designated operator.



Billy Baggett, President

ARI-MEX Oil & Exploration, Inc.
(Signature of lessee)

Aug 1, 1980
(Date)

Post Office Box 249, Moab, Utah 84532
(Address)

**** FILE NOTATIONS ****

DATE: May 11, 1981
OPERATOR: Thriftway Company
WELL NO: Clayton #2
Location: Sec. 4 T. 20S R. 24E County: Grand

File Prepared: ☒ Entered on N.I.D.: ☐
Card Indexed: ☒ Completion Sheet: ☒

API Number 43-019-30861

CHECKED BY:

Petroleum Engineer: _____

Director: OK - 102-16B

Administrative Aide: As per 102-16B, ok on budg.
ok on lease ownership ok on oil & gas
wells

APPROVAL LETTER:

Bond Required: ☐ Survey Plat Required: ☐
Order No. 102-16B 9/26/79 O.K. Rule C-3 ☐
Rule C-3(c), Topographic Exception - company owns or controls acreage
within a 660' radius of proposed site ☐

Lease Designation ☒ Plotted on Map ☐

Approval Letter Written ☒

Hot Line ☒ P.I. ☒

May 19, 1981

Thriftway Company
P. O. Box 1367
Farmington, New Mexico 87401

Re: Well No. Clayton #2
Sec. 4, T. 20S, R. 24E, NW NE
Grand County, Utah

Insofar as this office is concerned, approval to drill the above referred to gas well is hereby granted in accordance with the Order issued in Cause No. 102-16B, dated September 26, 1979.

Should you determine that it will be necessary to plug and abandon this well, you are hereby requested to immediately notify the following:

MICHAEL T. MINDER - Petroleum Engineer
Office: 533-5771
Home: 876-3001

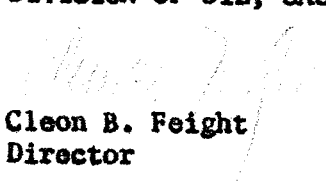
Enclosed please find Form OGC-8-X, which is to be completed whether or not water sands (aquifers) are encountered during drilling. Your cooperation in completing this form will be appreciated.

Further, it is requested that this Division be notified within 24 hours after drilling operations commence, and that the drilling contractor and rig number be identified.

The API number assigned to this well is 43-019-30801.

Sincerely,

DIVISION OF OIL, GAS, AND MINING


Cleon B. Feight
Director

CBF/ko
cc: USGS

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☒

OTHER

SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Thriftway Company

3. ADDRESS OF OPERATOR

Post Office Box 1367, Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)

At surface

550' FNL & 1961' FEL of Section 4

At proposed prod. zone

approximately same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

10.9 miles Northeasterly from Cisco, UT

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

550'

16. NO. OF ACRES IN LEASE

1487.06

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

N/A

19. PROPOSED DEPTH

2850' ±

17. NO. OF ACRES ASSIGNED
TO THIS WELL

80

20. ROTARY OR CABLE TOOLS

rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

4602 GR

22. APPROX. DATE WORK WILL START*

as soon as permitted

23. (slim hole) PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
7 7/8"	5 1/2"	14#	200'	circulate cement to surface 2850' cement
4 3/4"	2 7/8" tubing	6.4#	2850'	

EXHIBITS ATTACHED:

- "A" Location and Elevation Plat
- "B" Ten-Point Compliance Program
- "C" The Blowout Preventer Diagram
- "D" Multi-Point Requirements for APD
- "E" Route & Distance Road Map
- "F" Access Road and Radius Map of Wells in Area
- "G" Drill Pad Layout, Contours, and Cut-Fill Section
- "H" Drill Rig Layout
- "I" Production Facility Layout

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Pete Staley

TITLE Production Manager

DATE 2-11-81

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY (Orig. Sgd.) A. M. RAFFOUL

FOR E. W. GUYNN
DISTRICT ENGINEER

DATE MAY 20 1981

CONDITIONS OF APPROVAL, IF ANY:

CONDITIONS OF APPROVAL ATTACHED
TO OPERATOR'S COPY

NOTICE OF APPROVAL

FLARING OR VENTING OF
GAS IS SUBJECT TO NTL 4-A
DATED 1/1/80



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

SUGGESTED COLORS TO PAINT OIL & GAS PRODUCTION FACILITIES

Cisco Desert and Flats below the Bookcliffs:

Dynasty Green	(Sears)
Tumbleweed	(Pratt & Lambert)
Desert Tan	-----
Sage Gray	(Pratt & Lambert)

Bookcliffs Region:

Sage Gray	(Pratt & Lambert)
Sea Life	(Pratt & Lambert)
Dynasty Green	(Sears).

Similar hues other than the ones mentioned above must be approved by the Grand Resource Area Manager.

EXHIBIT "B"

TEN-POINT COMPLAINE PROGRAM OF NTL-6

APPROVAL OF OPERATIONS

THRIFTWAY COMPANY

Clayton #2

NW $\frac{1}{4}$ NE $\frac{1}{4}$, Sec 4, T20S, R24E, SLM

Grand County, Utah

1. Geologic Surface Formation

The surface formation is Mancos.

2. Important Geologic Markers

<u>Formation</u>	<u>Depth of Tops</u>
Dakota	2050
Morrison	2250
Salt Wash	2535
Entrada	2820
TD	2850

3. Estimated Depths of Anticipated Water, Oil, Gas or Minerals

<u>Formation</u>	<u>Depth</u>	<u>Fluids</u>
Salt Wash	2550	Gas and/or Oil and/or Water

4. Proposed Casing Program

Surface Casing:

- (a) Drill 7 7/8" hole to 200' and set 5 1/2" 14-lb. cemented to surface.
- (b) Drill 4 3/4" hole to 2850' and set 2 7/8" 6.4-lb. with 200 sx cement.

5. Operator's Minimum Specifications for Pressure Control

Exhibit "C" is a schematic diagram of the blowout preventer equipment planned for use in this well. The BOP's will be hydraulically tested to 1000 psi after nipping up and after any use under pressure. Pipe rams will be operationally checked each trip. All tests will be recorded in the daily drilling report. Accessories to BOP's include Kelly Cock, safety valve, drill string BOP and choke with pressure rating equivalent to the BOP stack.

6. Type of Characteristics of Proposed Muds

The well will be drilled with air and air mist; 200 barrels of 8.5 to 9# mud will be mixed up for use in case it is needed to kill well or logging operations.

7. Auxiliary Equipment to be Used

- (a) Kelly Cock will be kept in the string at all times.
- (b) A full opening stabbing valve will be on the floor for use, when the Kelly is not in the string.
- (c) A float will be run at the bit.
- (d) Monitoring equipment will be installed and used on the mud system.

8. The Testing, Logging and Coring Programs

- (a) Drill stem tests are not planned at this time.
- (b) The logging program will consist of Induction Electric & Compensated Nuclear Density.
- (c) No coring is planned.
- (d) Drilling samples will be caught at 30' intervals BSC to 1900'; from 1900' to TD samples at 10' intervals.

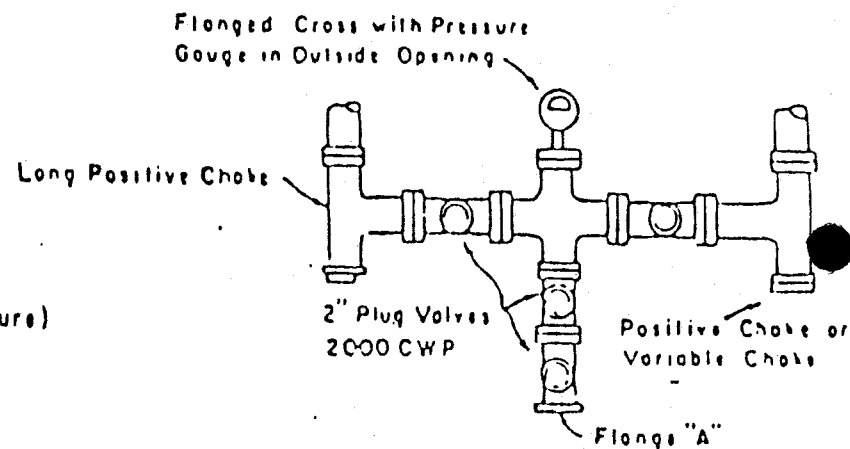
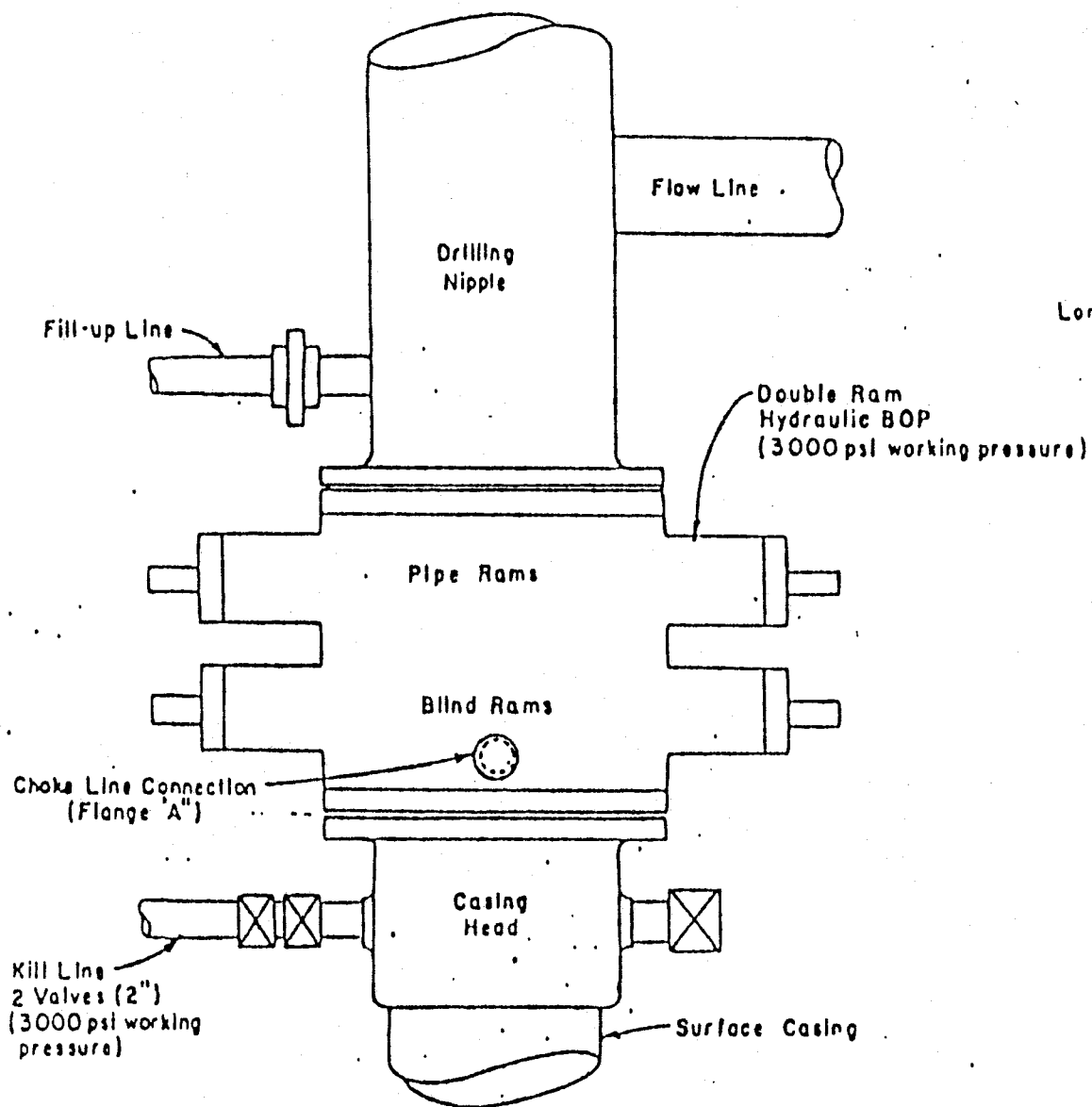
9. Any Anticipated Abnormal Pressures or Temperatures Expected

No abnormal gas pressures or temperatures are expected. No hydrogen sulfide or other hazardous gasses or fluids have been reported in the area.

10. Anticipated Starting Date and Duration of Operations

The anticipated starting date is in May 1981, or as soon as possible after approval of all drilling requirements.

Drilling operations should be completed 7 to 10 days after spudding.



PLAN VIEW-CHOKE MANIFOLD

EXHIBIT "D"

MULTI-POINT REQUIREMENTS TO ACCOMPANY APD

THRIFTWAY COMPANY

Clayton #2

NW $\frac{1}{4}$ NE $\frac{1}{4}$, Sec 4, T20S, R24E, SLM

Grand County, Utah

1. Existing Roads

- A. Exhibit "A" is the proposed well site as staked by Energy Surveys & Engineering Corp., with 200' reference points North and South, and the ground elevation is shown thereon.
- B. Exhibit "E" is the route and distance road map. The location is a total of 10.9 miles Northeasterly from Cisco, Utah. To reach the location travel Northeasterly from Cisco, Utah, 5.4 miles on old U.S. Highway 6 & 24; turn left and go under Interstate 70 and proceed Northerly on 30' Grand County gravelled road for a distance of 2.7 miles to a 3-way intersection (corrals are on the right); turn right onto a 25' dirt road (old railroad bed) and go Norhteasterly 1.2 miles to a "y" intersection (Agate Oil Field lies on the right); do not turn but continue Northeasterly on the dirt road (old railroad bed) and go 0.2 mile to the end of the improved road at a powerline and pipeline; do not turn but continue Northeasterly on the dirt road (old railroad bed) 1.2 miles to the beginning of the proposed access road to be constructed; continue on 0.2 mile Southeasterly to the location.
- C. Exhibit "F" is a print of a portion of the Danish Flat, Utah, Quadrangle and shows the access road into the location. The green color shows the existing road. The red color indicates new road construction required to reach the location.
- D. All known existing roads appear on Exhibits "E" and "F".
- E. This is considered a Development Well.
- F. All roads up to the last 1.4 miles of access are well maintained and capable of handling truck traffic. The next 1.2 miles of access will require upgrading.

2. Planned Access Roads

The last 1.2 miles of old railroad bed will need reshaping and three dip sections constructed. The 0.2 mile of access to the location will need to be constructed. (The three dip sections are to be placed where gulches cross the old railroad right-of-way.)

- (1) The typical section of the improved road and the proposed access road will be 14' in width.
- (2) Maximum grade will be 6% or less.

- (3) One turnout is planned.
- (4) No culverts are planned for drilling. If the well is productive, culverts will be installed in drainages on the old railroad right-of-way, if deemed necessary.
- (5) No culverts are necessary for drilling.
- (6) Surface material will be that native to the area.
- (7) No gates or cattleguards are required.
- (8) The proposed access road was flagged at the time the location was staked.

3. Location of Existing Wells

The Clayton #2 is considered a Development Well. For all existing wells within a one-mile radius of the Clayton #2, see Exhibit "F".

- (1) There are no water wells.
- (2) Abandoned wells - see Exhibit "F".
- (3) There are no temporarily abandoned wells.
- (4) There are no disposal wells.
- (5) There are no drilling wells.
- (6) Producing wells - see Exhibit "F".
- (7) There are no shut-in wells.
- (8) There are no injection wells.
- (9) There are no monitoring or observation wells for other resources.

4. Location of Existing and/or Proposed Facilities

A. Within a one-mile radius of this location are the following existing facilities (none are owned or controlled by lessee/operator):

- (1) Tank batteries in and around the Agate Field.
- (2) Production facilities in the Agate Field area.
- (3) Oil gathering lines in the Agate Field area.
- (4) Gas gathering lines in the Agate Field area.
- (5) There are no injection lines.
- (6) There are no disposal lines.

- B.
- (1) Exhibit "I" shows all anticipated production facilities.
 - (2) The dimensions of production facilities shown on Exhibit "I" are drawn to a scale of 1" = 40'.
 - (3) The only construction materials needed from outside the location would be gravel for a pad under separator and/or dehydrator unit. Gravel would be trucked into the location over the access road by the dirt contractor from the nearest commercial pit in the Cisco area.
 - (4) If a small pit is required, it will be fenced and flagged.

C. Rehabilitation, whether the well is productive or not, will be made on unused areas as soon as practical in accordance with the restoration plans presented in Item 10 following.

5. Location and Type of Water Supply

- A. Water will be trucked from Cisco Springs, 12.5 road miles Westerly of the location.
- B. Water will be trucked over the access road by oilfield water trucks.
- C. No water well is planned.

6. Source of Construction Materials

A., B., C., D.

No construction materials are needed for drilling operations. In the event of production, the small amount of gravel needed for facilities will be hauled in by truck from local gravel pit in the Cisco area. No special access other than for the drilling operation is needed.

7. Methods for Handling Waste Disposal

- (1) Drill cuttings will be buried in the reserve pit when covered.
- (2) Drilling fluids will be contained in steel mud pits and the reserve pit. These fluids will be disposed of in the reserve pit.
- (3) Any hydrocarbon liquids produced while drill stem testing or production testing will be collected in a test tank set near the pipe baskets or near the wellhead. Any unavoidable spills of oil or other adverse substances or materials will be covered or removed immediately during drilling progress or during completion operations.
- (4) Chemical facilities will be provided for human waste.
- (5) Garbage and trash will be collected in a fenced and covered pit and burned and then buried.
- (6) The reserve pits will be fenced or covered as soon as practical upon removal of the rig. Other pits will be covered as soon as possible after removal of the rig.

8. Ancillary Facilities

No air strips, camps or other living facilities will be built off the location. The normal trailers will be on the location as seen on Exhibit "H".

9. Well Site Layout

- (1) Exhibit G is the drill pad layout as staked by Energy Surveys & Engineering Corp. Elevation contours have been drawn on the plat. The cut-fill cross-sections have been drawn from these contours. Topsoil will be stockpiled to specifications determined at the pre-drill inspection.
- (2) (3) The mud tanks, reserve, burn and trash pits, pipe racks, living facilities, and soil material stockpiles, rig orientation, parking areas and access road are all shown on Exhibit "H".
- (4) The reserve pits will not be lined. Steel mud tanks will be used, and are shown on Exhibit "H". If water is produced in production, an NTL-2b study will be initiated.

10. Plans for Restoration

- (1) Backfilling, leveling, and recontouring will be accomplished as soon as possible after plugging of the well, and on those unused areas if production is obtained. Waste disposal and spoils materials will be buried or hauled away.
- (2) Rehabilitation will be accomplished by recontouring as best practical back to blend with original contours. The stockpiled topsoil will be spread, along with ripping of the pad and road area (if so desired by surface owner). Revegetation will be accomplished using grasses chosen by B.L.M.
- (3) Three sides of the reserve pit will be fenced during drilling operations. Upon rig release, the reserve pit will be fenced on the fourth side and will remain until recontouring and cleanup operations are completed.
- (4) Any oil spills will be immediately reported, cleaned up, or flagged.
- (5) Rehabilitation operations will commence as soon as practical after rig moves off location. Earth work and seeding will be done during the Fall of 1981, if possible.

11. Other Information

As shown on Exhibit "F" the topography of the vicinity of the location has very little relief. The location lies Southerly of the abandoned D&RGW Railroad bed and Northerly of an overhead telephone line. A large mound is approximately 1/4 mile Southeasterly of the location. The slope is very gentle and drains to the Southeast.

The soil is light tan to grey shallow Mancos topsoil.

The vegetation in the immediate area surrounding the location is very short varieties: sagebrush, Matt Saltbrush, shadscale, prickly pear cactus, Russian thistle, greasewood, cheat grass.

The fauna of the area consists of cattle, sheep, antelope, rabbits, lizards, ravens, meadow lark, killdeer, ground sparrows and martens.

The surface ownership is B.L.M. The surface use is grazing, petroleum production, and recreation.

The nearest live water is Cottonwood Wash (probably seasonal), 0.5 mile Northerly of the location as shown on Exhibit "E".

The nearest occupied dwelling is in Cisco, Utah, 10.9 miles Southwesterly of the location, as shown on Exhibit "E".

There are no visible archaeological, historical, or cultural sites within any reasonable proximity to the proposed location site.

There are no reported restrictions or reservations noted on the oil and gas lease.

12. Lessee's or Operator's Representative

Pete Staley, Production Manager
Thriftway Company
P.O. Box 1367
Farmington, New Mexico 87401
Telephone 505/325-1278

Mr. J. N. Burkhalter
588 25 Road
Grand Junction, Colorado 81501
Telephone 303/242-8555

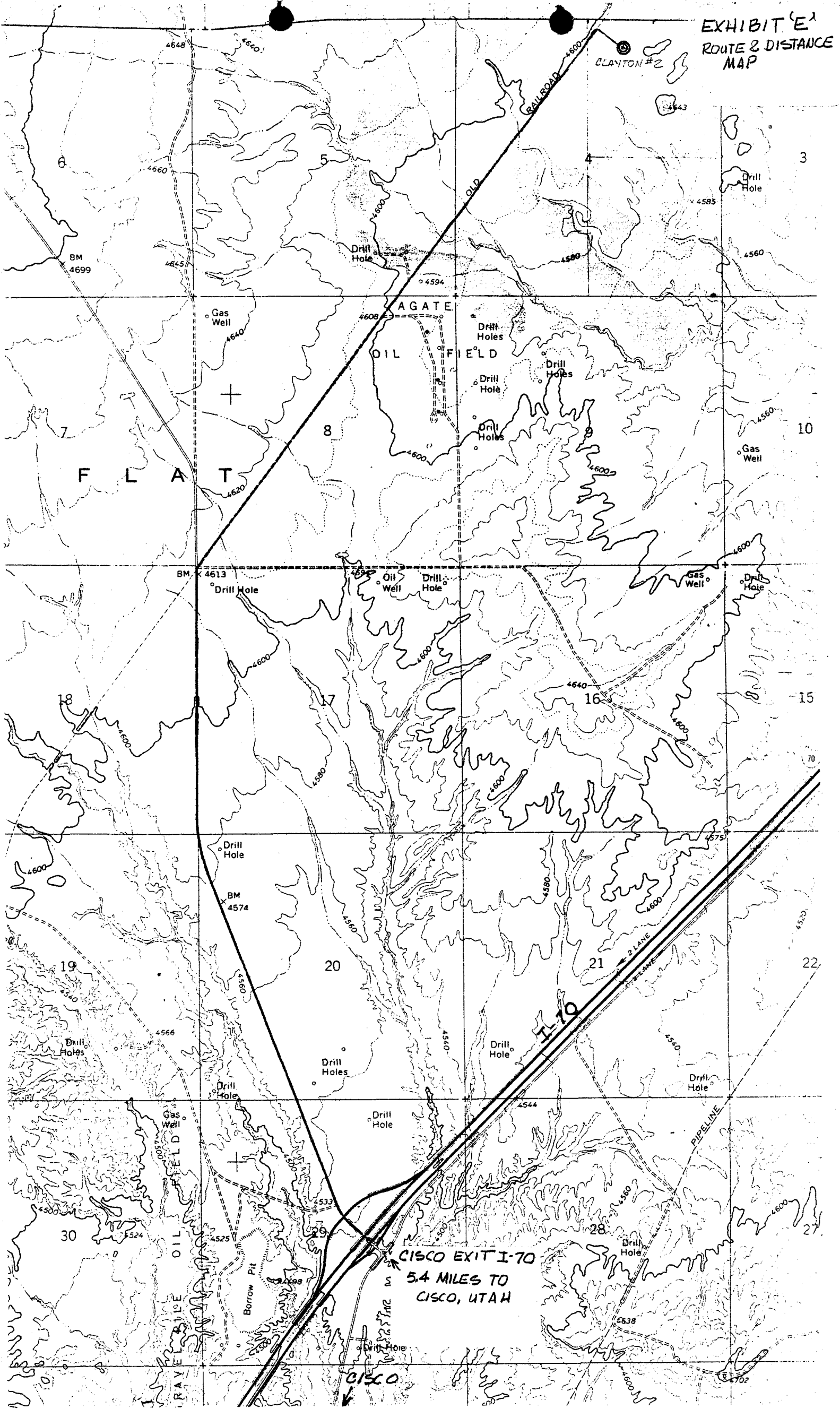
13. Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Thriftway Company and its contractors and subcontractors in conformity with this plan and terms and conditions under which it is approved.

4-20-81
Date

J. N. Burkhalter
Name and Title

EXHIBIT 'E'
ROUTE 2 DISTANCE
MAP



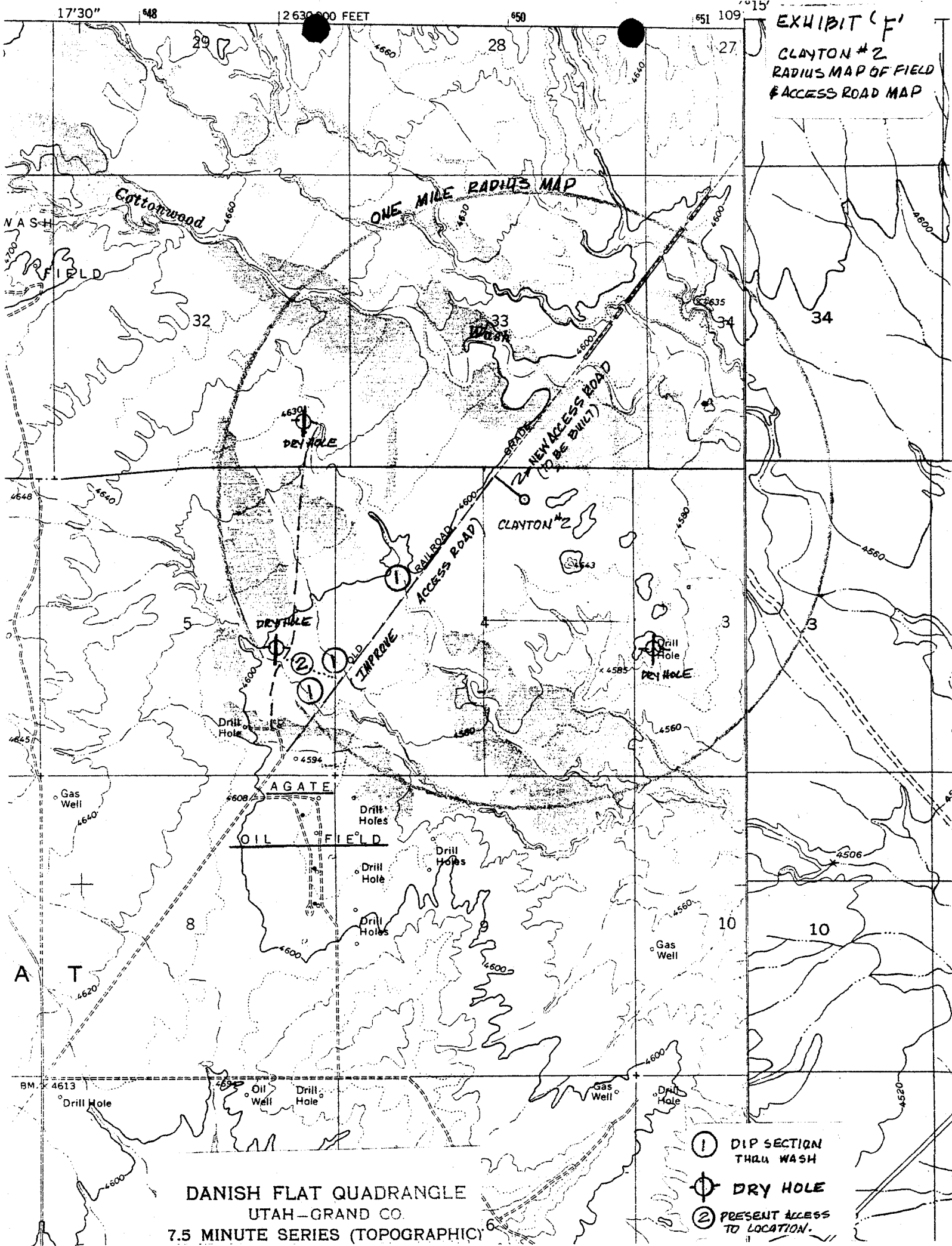


EXHIBIT 'F'
CLAYTON #2
RADIUS MAP OF FIELD
& ACCESS ROAD MAP

ONE MILE RADIUS MAP

Cottonwood

NASH
FIELD

DRY HOLE

CLAYTON #2

DRY HOLE

DRILL HOLE
DRY HOLE

AGATE

OIL FIELD

DANISH FLAT QUADRANGLE
UTAH-GRAND CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)

- ① DIP SECTION THRU WASH
- ⊕ DRY HOLE
- ② PRESENT ACCESS TO LOCATION

EXHIBIT 'G'
THRIFTWAY CO LOCATION
NW 1/4 NE 1/4, SEC. 4, T. 20S, R. 24E.
GRAND COUNTY, UTAH

FINISHED GRADE ELEV. = 4602'

CLAYTON #2 FEDERAL

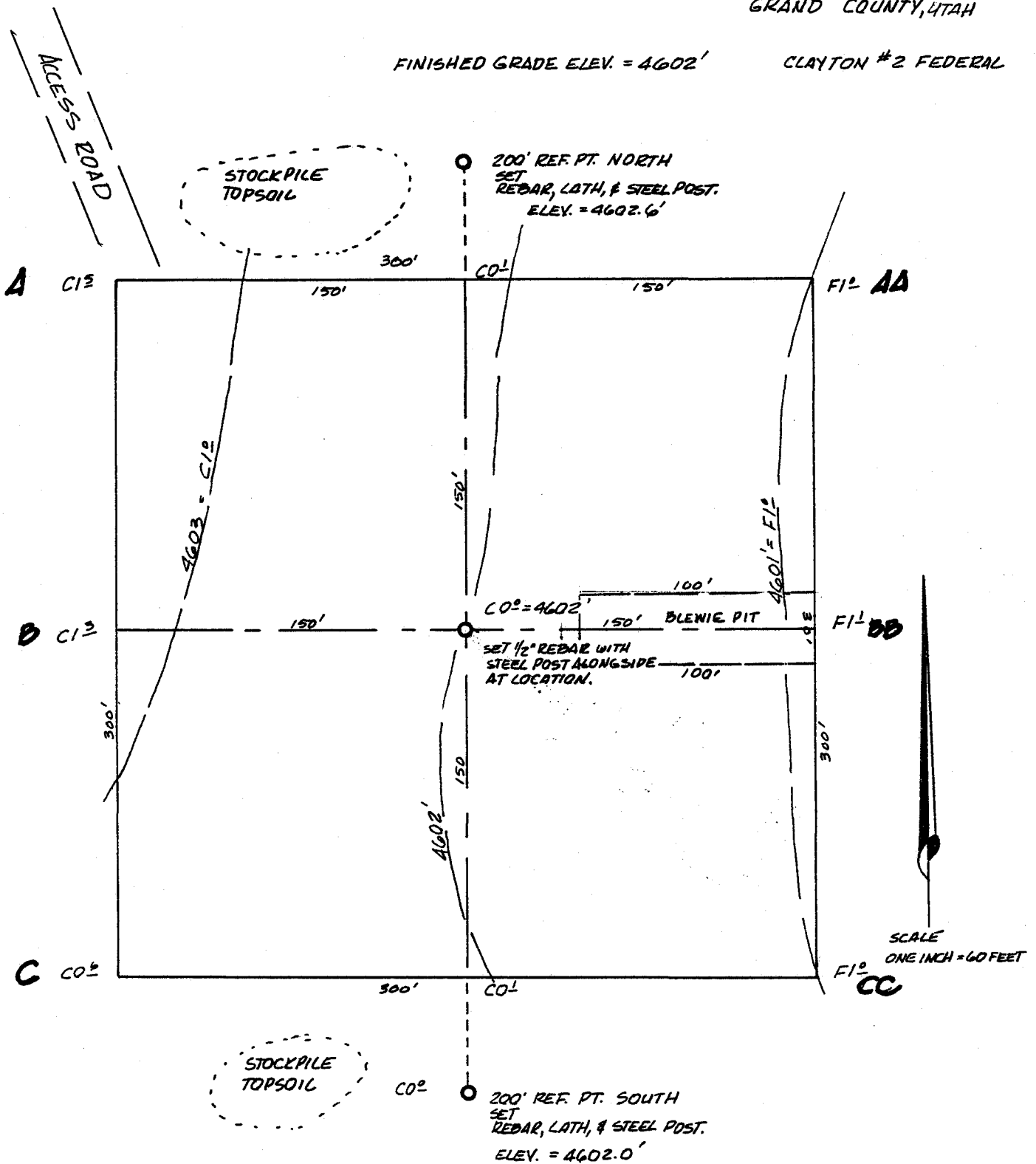
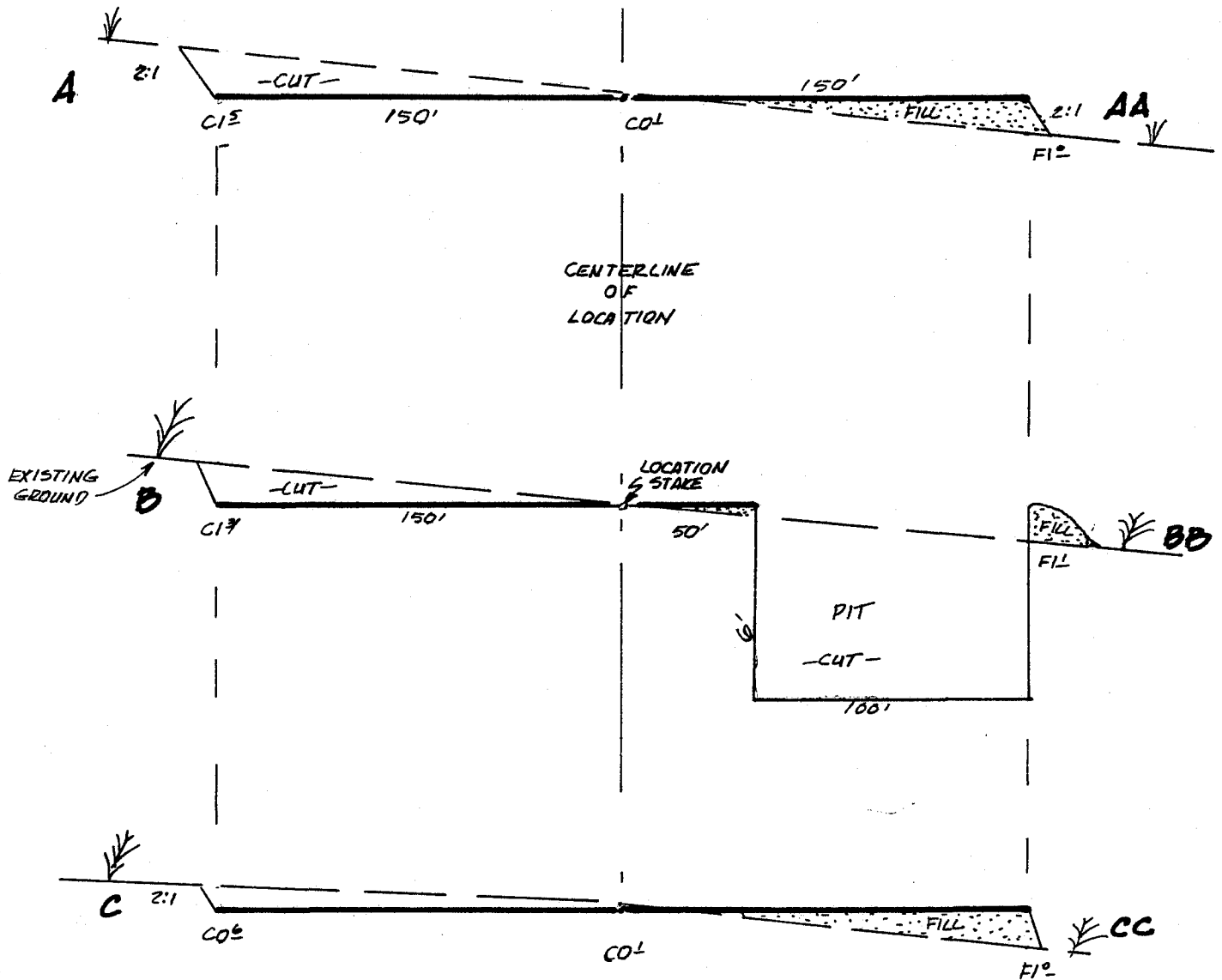
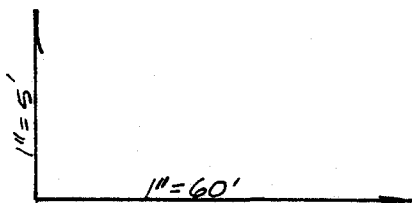


EXHIBIT G,
THRIFTWAY CO.
GRAND CO., UTAH



ESTIMATED YARDAGES

CUT - 1550 C.YDS.
FILL - 840 C.YDS.



CROSS-SECTIONS
CLAYTON #2 FEDERAL

EXHIBIT 'H'
 RIG LAYOUT
 CLAYTON #2

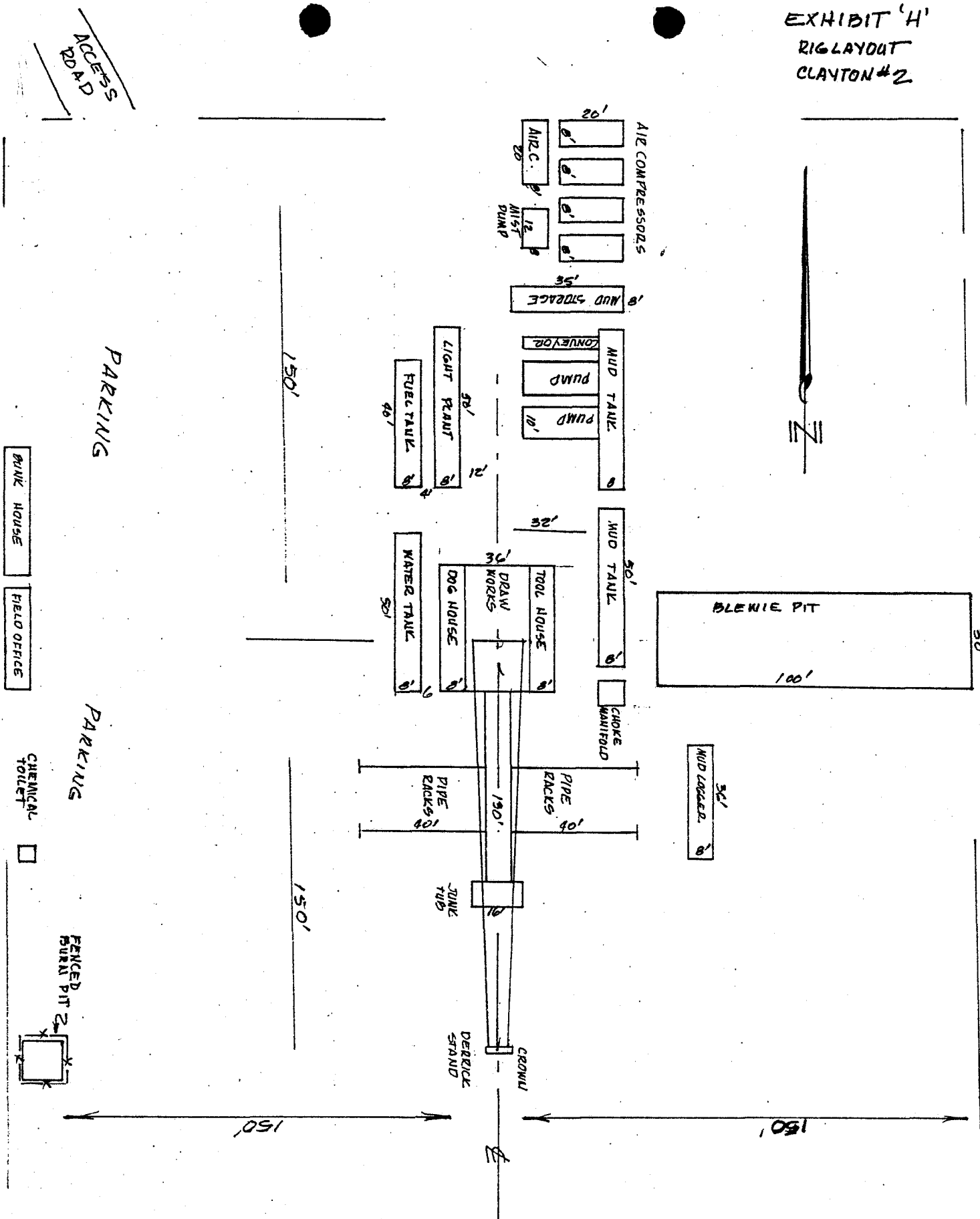
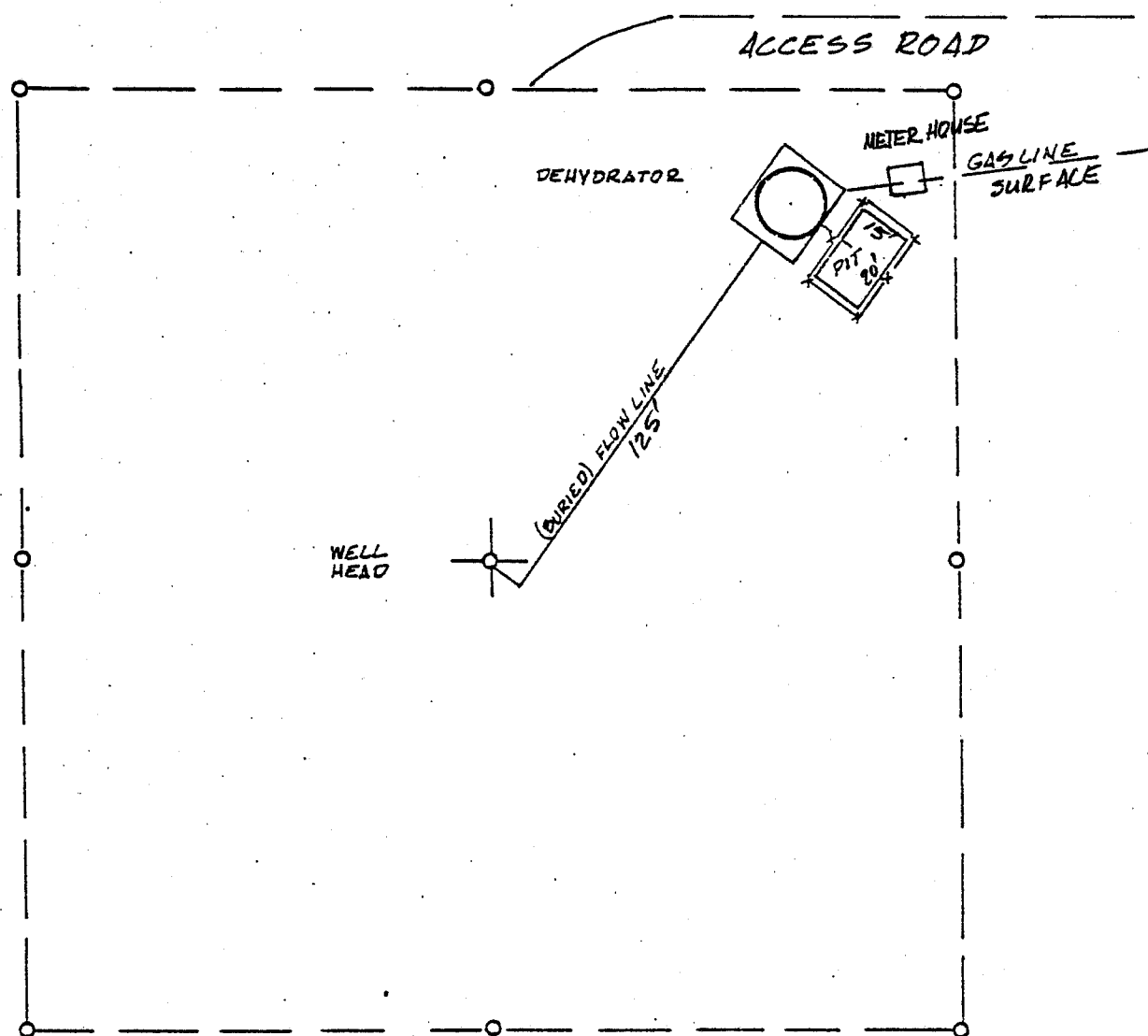


EXHIBIT I
PRODUCTION FACILITIES
LAYOUT

CLAYTON #2



1" = 50'

Z

United States Department of the Interior
Geological Survey
Oil and Gas Operations
2000 Administration Building
1745 West 1700 South
Salt Lake City, Utah 84104

NEPA CATEGORICAL EXCLUSION REVIEW

PROJECT IDENTIFICATIONOperator/Project Name Thriftway Clayton #2Project Type Wildcat Gas/Oil TestProject Location 550' FNL, 1961' FEL, Sec. 4, T20S, R24E, Grand County, UTDate Project Submitted April 22, 1981FIELD INSPECTIONDate May 7, 1981Field Inspection
ParticipantsLarry Becker, Gordon Howard-Operator representativePete Christensen, Elmer Duncan, Mical Walker - BLMGlenn Doyle - USGS

I have reviewed the proposal in accordance with the categorical exclusion review guidelines. This proposal would not involve any significant effects and, therefore, does not represent an exception to the categorical exclusions.

May 12, 1981
Date Prepared

Howard A. Zenn
for Glenn Doyle
Environmental Scientist

I concur

MAY 20 1981
Date

EW Luyman
District Supervisor

CATEGORICAL EXCLUSION REVIEW INFORMATION SOURCE

Criteria 516 DM 2.3.A	Federal/State Agency			Local and private corre- spondence (date)	Previous NEPA	Other studies and reports	Staff expertise	Onsite inspection (date)	Other
	Corre- spondence (date)	Phone check (date)	Meeting (date)						
Public health and safety					1,2			5/7/81	
Unique charac- teristics					1,2				
Environmentally controversial					1,2				
Uncertain and unknown risks						4			
Establishes precedents					1,2				
Cumulatively significant					1,2		6		
National Register historic places	1-5/18/81								
Endangered/ threatened species	1-5/18/81								
Violate Federal, State, local, tribal law									3

Site-specific stipulations attached

Site-specific Stipulations

- 1) Alter wellpad dimensions to 150' x 250'.
- 2) Dirt construction will be limited to the area leveled beneath the rig and the pits. No other location construction is permitted.
- 3) Fence the reserve pit on three sides prior to drilling and on the fourth side once the rig moves off.
- 4) The proposed access will be constructed approximately 100' south of the historic railroad right-of-way.

COMMON REFERENCE LIST

NEPA Categorical Exclusion Review

1. SMA Input
2. Reviews, reports, or information received from Geological Survey (CD, GD, WRD, TD).
3. Lease Stipulations/Terms
4. Application to Drill
5. Operator correspondence
6. Field observation
7. Private Rehabilitation Agreement



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab District
Grand Resource Area
P.O. Box M
Moab, Utah 84532

IN REPLY REFER TO

3109
(U-068)

MAY 19 1981

Memorandum

To: Oil & Gas Office, USGS Conservation Division
P. O. Box 3768
Grand Junction, CO. 81502

From: Area Manager, Grand

Subject: Thriftway Company
Jerry Clayton #2, Lease #U-15054
Section 4, T. 20 S., R. 24 E., SLM
Grand County, Utah

On May 7, 1981 a representative from this office met with Glenn Doyle, USGS, and Larry D. Becker, representative of the Thriftway Company for an inspection of the above referenced location. Subject to the attached conditions and written approval from USGS, I am approving the surface management portion of the Application for Permit to Drill.

The archaeological requirement has been fulfilled on this location. No threatened or endangered flora or fauna are indicated in the area.

Please forward the enclosed information to Thriftway Company.

Enclosures: (4)
1-Stipulations
2-Reclamation Procedures
3-Seed Mixture
4-Suggested Colors for Production Facilities

STANDARD STIPULATIONS FOR OIL & GAS EXPLORATION

Contact this office at least 48 hours prior to beginning construction of access road and pad.

Stockpile the surface 12 inches of topsoil in a wind-row on the east side of the location and at the east end of the reserve pits.

The upper banks (uphill side) of all cuts will be rounded during construction of the access road and pad.

Notify the BLM District Archaeologist if cultural material from sub-surface deposits is exposed during the operation.

The trash cage will be at the location and fenced with fine mesh wire during drilling operations.

The "blooey" line will be centered and directed into the pit.

If production is obtained, the access road will be upgraded to BLM specifications for long-term roads as outlined in the surface use standards section of the "Oil and Gas" pamphlet (joint BLM, USGS and USFS publication).

If production is obtained, all production facilities will be painted. (See enclosed suggested colors - for facilities).

Rehabilitation of the site and access road will be accomplished in accordance with the enclosed restoration procedures.

Production facilities and pipeline route are approved on this location under lease rights.

As agreed upon at the pre-drill field examination.

Access -

The company proposed to follow an old railroad bed through sections 4 and 5 T. 20 S., R. 24 E. The company representative at the on-site agreed to go at least 100 feet south and construct a new road for this distance.

- 1) Surface disturbance will be kept to a minimum, until production is determined. Low water crossings will be constructed where needed. The maximum disturbed road surface will be 14 feet wide. Any soils and vegetation removed from the road surface will be windrowed along the north east side.

Access road will be up-graded to an 18 foot wide travel surface if the well is a producer.

Location -

1) The pad size will be reduced from 300 feet X 300 feet as submitted in your plan to 150 feet X 250 feet.

2) An area will be leveled to support the drilling rig only.

3) The pits will be in the center of the east one-half, running east-west, and be 100 feet long X 30 feet wide X 8 feet deep. Topsoils and spoil soils removed from the pit will be stock piled at the east end and kept separate from each other.

4) Pit(s) will be fenced on three sides prior to drilling and on the 4th side prior to rig removal. Woven wire 48 inches high will be used, plus a strand of barbed wire along the top for support.

(Pit(s) and drilling rig area will be the only parts of the location where surface disturbance will be done.

RECLAMATION PROCEDURES IN GRAND RESOURCE AREA

1. Disk or rip pads and access roads.
 - a. Overlap passes in order to insure complete treatment.
2. Contour pads and access roads.
 - a. Lay berms into centers.
 - b. Use cut material for fill areas.
 - c. Lay stockpiled surface soil over top of pads and spread evenly.
 - d. On highly erosive soils, it may be more beneficial to grade slopes to reduce steepness.
 - e. Do not smooth pads out, leave a roughened surface. On steeper slopes and slopes with clayey soils scarify or serrate the ground in order to increase water infiltration and reduce erosion.
3. Water bar roads where required by this office.

* 2 percent	Grade	-	200 ft. intervals
2-4 percent	Grade	-	100 ft. intervals
4-5 percent	Grade	-	75 ft. intervals
5 percent	Grade	-	50 ft. intervals

* Actual spacing may vary according to soil stability. Lighter textured soils will require more frequent water bars. When natural drainage ways are present, water bars are to be constructed to make maximum use of them. Plan operations so that natural drainage ways do not become blocked.
4. Seed roads and pads in the fall (Oct. through mid-Dec.).

SEED MIXTURE

Species

Rate
lbs/ac

Grasses

Hilaria jamesii
Oryzopsis hymenoides

Curley grass
Indian rice grass

1
1

Forbs

Sphaeralcea coccinia

Globemallow

1

Shrubs

Ceretoides lanata
Atriplex nuttallii
Atriplex confertifolia

Winterfat
Nuttal saltbush
Shadscale

1
1
1
6

U. S. GEOLOGICAL SURVEY - CONSERVATION DIVISION

FROM: : DISTRICT GEOLOGIST, ME, SALT LAKE CITY, UTAH

TO : DISTRICT ENGINEER, O&G, SALT LAKE CITY, UTAH

SUBJECT: APD MINERAL EVALUATION REPORT

LEASE NO. U-15054

OPERATOR: Thriftyway Co.

WELL NO. Clayton #2

LOCATION: C NW 1/4 NE 1/4 sec. 4, T. 20S., R. 24E., SLM

Grand County, Utah

1. Stratigraphy: Operator tops seem to be 1000' too deep.

Mancos	surface
Dakota	~1050'
Morrison	~1250'
Salt Wash	~1535'
Entrada	~1820'
<u>TD</u>	<u>2850'</u>

U.S.G.S. estimates

if correct, operator will TD
in Chinle or deeper rocks.

2. Fresh Water:

Fresh water may be present in the Dakota & Entrada.

3. Leasable Minerals:

Oil / Gas: Salt Wash, Entrada

4. Additional Logs Needed: Adequate

5. Potential Geologic Hazards: None expected

6. References and Remarks:

Signature: Gregory W. Wood

Date: 4-30-81

**UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY**

SUBMIT IN DUPLICATE

(See other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R355.5**WELL COMPLETION OR RECOMPLETION REPORT AND LOG ***

1a. TYPE OF WELL: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> Other _____				5. LEASE DESIGNATION AND SERIAL NO. U-15054	
b. TYPE OF COMPLETION: NEW WELL <input checked="" type="checkbox"/> WORK OVER <input type="checkbox"/> DEEP-EN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF. ESVR. <input type="checkbox"/> Other _____				6. IF INDIAN, ALLOTED OR TRIBE NAME _____	
2. NAME OF OPERATOR <i>Thurston Co</i> ART-MEX Oil & Exploration, Inc.				7. UNIT AGREEMENT NAME _____	
3. ADDRESS OF OPERATOR P.O. Box 249 Moab, Utah 84532				8. FARM OR LEASE NAME Federal	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements) At surface 550' FNL & 1961' FEL of Section 4 At top prod. interval reported below Approximately same NWN 1/4 At total depth _____				9. WELL NO. Clinton #2	
14. PERMIT NO. 42-R1425 43-014-30801				10. FISH AND POOL, OR WILDCAT Wildcat	
DATE ISSUED 5-18-81				11. SEC. T. R., M., OR BLOCK AND SURVEY OR AREA Sec. 4, T20S, R24E, SLM	
12. COUNTY OR PARISH Grand				13. STATE Utah	
15. DATE SPUDDED 6-5-81	16. DATE T.D. REACHED 6-7-81	17. DATE COMPL. (Ready to prod.) 6-13-81	18. ELEVATIONS (DF, REB, RT, GR, ETC.)* 4602 GR	19. ELEV. CASINGHEAD 4604	
20. TOTAL DEPTH, MD & TVD 1605	21. PLUG, BACK T.D., MD & TVD NA	22. IF MULTIPLE COMPL., HOW MANY*	23. INTERVALS DRILLED BY rotary	24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 1530, 1531, 1537, 1538, 1539, 1540, 1541, 1542, 1543, 1544, 1545; 11 holes	
25. WAS DIRECTIONAL SURVEY MADE no				26. TYPE ELECTRIC AND OTHER LOGS RUN Cement Bond with Gamma Ray and Correlation Log	
27. WAS WELL CORED no				28. CASING RECORD (Report all strings set in well)	
CASING SIZE		WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD
7"		20#	160'	7 7/8"	25 bbls. 1/4# celloflake
4 1/4"		10 1/2#	1605'	6 1/4"	60 sks Dowell RFC
AMOUNT PULLED		100sx			
29. LINER RECORD					
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	
	NA				
30. TUBING RECORD					
SIZE	DEPTH SET (MD)	PACKER SET (MD)			
2 3/8"	1551'	NA			
31. PERFORATION RECORD (Interval, size and number) 1530, 1531, 1537, 1538, 1539, 1540, 1541, 1542, 1543, 1544, 1545; 11 holes. 3 3/8" Hollow Steel Carrier, 14 gram DML Jet shots.					
32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.					
DEPTH INTERVAL (MD)			AMOUNT AND KIND OF MATERIAL USED		
NA			NA		
33. PRODUCTION					
DATE FIRST PRODUCTION NA		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) NA			WELL STATUS (Producing or shut-in) shut-in
DATE OF TEST 6-13-81	HOURS TESTED 10 1/2 hrs.	CHOKE SIZE 5/8"	PROD'N. FOR TEST PERIOD →	OIL—BBL. 4000 MCF	GAS—MCF. 4000 MCF
WATER—BBL.	GAS-OIL RATIO				
FLOW, TUBING PRESS. 430 psig	CASING PRESSURE 500 psig	CALCULATED 24-HOUR RATE →	OIL—BBL. 4000 MCF	GAS—MCF. 4000 MCF	WATER—BBL.
OIL GRAVITY-API (CORR.)					
34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) Will be sold					TEST WITNESSED BY J.N. Burkhalter
35. LIST OF ATTACHMENTS					

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

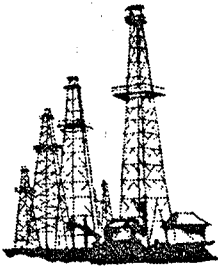
TITLE

DATE

Consulting Engineer

12-3-81

*(See Instructions and Spaces for Additional Data on Reverse Side)



*Petroleum and Energy Consultants
Registered in Rocky Mountain States*

BURKHALTER ENGINEERING

588 - 25 Road
Grand Junction, CO 81501
Telephone (303) 242-8555

June 23, 1981

Mr. Skip Nightengale
Ari-Mex Oil & Exploration
P.O. Box 249
Moab, Utah 84532

Dear Skip:

Herewith is the Completion Report, the Gas Analysis and the laboratory bill from Clayton #2, I have split the laboratory bill between you and Thriftway.

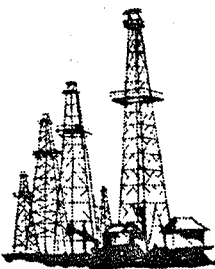
Very truly yours,

A handwritten signature in dark ink, appearing to read 'J. N. Burkhalter'.

J. N. Burkhalter, PE-LS

JNB/sb
enc.

cc: Steve Bench
Northwest Pipeline Corporation



*Petroleum and Energy Consultants
Registered in Rocky Mountain States*

BURKHALTER ENGINEERING

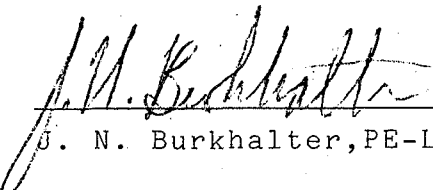
588 — 25 Road
Grand Junction, CO 81501
Telephone (303) 242-8555

ARI - MEX OIL & EXPLORATION, INC.

CLAYTON No. 2

Sec. 4, T20S, R24E
Grand County, Utah

• Completion Operations
June 12 & 13, 1981


J. N. Burkhalter, PE-LS



National Cementers Division Laboratory

National Cementers Corporation

No. GA-GJ-92-81

SAMPLE OF

To Buckhorn Gas

Date June 17, 1981

c/o Newt Burkhalter

588 - 25 Road

This report is the property of NATIONAL CEMENTERS CORP. and neither it nor any part thereof nor a copy thereof is to be published or disclosed without first securing the express written approval of laboratory management; It may however, be used in the course of regular business operations by any person or concern and employees thereof receiving such report from NATIONAL CEMENTERS CORP.

We give below results of our examination of Grand Junction, Colorado

submitted gas sample.

Submitted by Newt Burkhalter

Marked Clayton # 2, Grand County Utah, Sec.4-T20S-R24E

Bottle Serial # 11

Bottle Pressure 650 psi

Results:

	<u>Mole %</u>	<u>BTU</u>	<u>Sp. Gr.</u>	<u>Gal./m</u>
Composite Air	<u>3.95</u>	<u>---</u>	<u>0.039</u>	<u>---</u>
Methane	<u>94.13</u>	<u>946</u>	<u>0.518</u>	<u>---</u>
Carbon Dioxide	<u>0.70</u>	<u>---</u>	<u>0.011</u>	<u>---</u>
Ethane	<u>0.92</u>	<u>17</u>	<u>0.010</u>	<u>---</u>
Propane	<u>0.22</u>	<u>5</u>	<u>0.003</u>	<u>0.058</u>
Iso-Butane	<u>0.08</u>	<u>3</u>	<u>0.002</u>	<u>0.027</u>
N-Butane	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Iso-Pentane	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
N-Pentane	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
C ₆ ⁺	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
TOTAL	<u>100 %</u>	<u>971</u>	<u>0.583</u>	<u>0.085</u>

Respectfully Submitted,
National Cementers Corporation

Laboratory Analyst

M. Dolberg

By

Thomas Eapen

Thomas Eapen

NOTICE:

This report is for information only and the content is limited to the sample described. NATIONAL CEMENTERS CORP. makes no warranties, express or implied whether of fitness for a particular purpose, merchantability, or otherwise, as to the accuracy of the contents or results. Any user of this report agrees NATIONAL CEMENTERS CORP. shall not be liable for any loss or damage, regardless of cause, including any act or omission of NATIONAL CEMENTERS CORP., resulting from the use hereof.

ARI-MEX OIL & EXPLORATION INC.

CLAYTON #2

6-11-81

Ran bond and correlation log. Used Gearhart Wireline. PBTD of 1550, acceptable for interval we are interested in. Bond log not 100%, but acceptable.

Also got casing trimmed and bell nipple welded on by Colorado Energy Supply.

6-12-81

Rigged up Mac Well Service, picked up 2 3/8 EUE tubing and GIH. Tag up PBTD at 1562 KB. Displace hole with 10 lb. brine from Moab. Weigh effluent to be sure that 10 lb. has come completely around.

Rig up Gearhart and perforate 1530, 1531, 1537, 1538, 1539, 1540, 1541, 1542, 1543, 1544, 1545; 11 holes. Perforate with 3 3/8 Hollow Steel Carrier, 14 gram DML jet shots.

Run 47 joints 2 3/8" EUE API tubing with 1 25/32" seating nipple on bottom and Cast Iron Disc 1 jt up from bottom. Rig down BOP and land tubing at 1551 KB in wellhead.

Break Cast Iron Disc with sinker bar and well begins coming around. Finish swabbing in and well commences good blow. Clean up for 1 hour and install 5/8" choke nipple in flow line. Leave well flowing to pit at 9:00 pm through 5/8" choke nipple with tubing pressure 300 psig.

6-13-81

Arrive location at 7:30 am and well cleaned up and holding 430 psig behind 5/8" choke nipple. Flow in excess of 4000 mcf/d. Casing pressure 500 psig. Obtained gas sample, shut well in, released rig.

ARI-MEX Oil & Exploration, Inc.

P. O. Box 249
Moab, Utah 84532

RECEIVED
DEC 21 1981

**DIVISION OF
OIL, GAS & MINING**

December 18, 1981

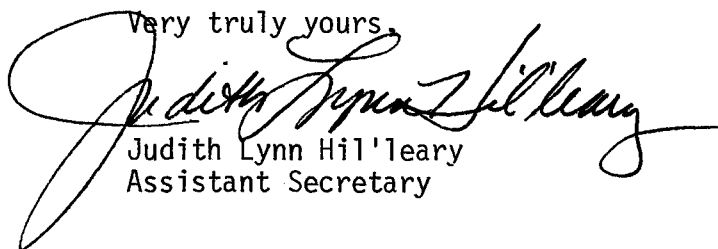
Debbie Beauregard
State of Utah
Division of Oil, Gas & Mining
4241 State Office Building
Salt Lake City, Utah 84114

Dear Miss Beauregard,

Pursuant to your conversation with Mr. Nightingale, enclosed are copies of the pertinent documents for Clayton #2 gas well on lease #U15054.

If we have omitted any other documents you require, please let us know.

Very truly yours,



Judith Lynn Hil'leary
Assistant Secretary

Encl.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 42-R1599

Serial No. U-15054

ASSIGNMENT AFFECTING RECORD TITLE
TO OIL AND GAS LEASE
PART I

LAND OFFICE USE ONLY
New Serial No.

ARI-MEX Oil & Exploration, Inc.
P.O. Box 1228
Long Beach, California 90801

RECEIVED
JUL 20 1972
DEC 21 1981
DIVISION OF
OIL, GAS & MINING

The undersigned, as owner of 100 percent of record title of the above-designated oil and gas lease, hereby transfers and assigns to the assignee shown above, the record title interest in and to such lease as specified below.

2. Describe the lands affected by this assignment (43 CFR 3101.2-3)

T. 20 S., R. 24 E., SLM, Grand County, Utah

Sec. 1: Lots 1, 2, 5, SW $\frac{1}{4}$ NE $\frac{1}{4}$;

Sec. 3: Lots 3, 4;

Sec. 4: Lots 1-3, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$;

Sec. 13: W $\frac{1}{2}$;

Sec. 14: S $\frac{1}{2}$;

Sec. 21: SE $\frac{1}{4}$;

Sec. 23: N $\frac{1}{2}$ NW $\frac{1}{4}$;

Containing 1487.06 acres

3. What part of assignor(s) record title interest is being conveyed to assignee? (Give percentage or share) 100%

4. What part of the record title interest is being retained by assignor(s)? None

5a. What overriding royalty or production payments is the assignor reserving herein? (See Item 4 of General Instructions; specify percentage.) None

b. What overriding royalties or production payments, if any, were previously reserved or conveyed? (Percentage only) None

It is agreed that the obligation to pay any overriding royalties or payments out of production of oil created herein, which, when added to overriding royalties or payments out of production previously created and to the royalty payable to the United States, aggregate in excess of 17 $\frac{1}{2}$ percent, shall be suspended when the average production of oil per well per day averaged on the monthly basis is 15 barrels or less.

I CERTIFY That the statements made herein are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 27 day of June, 1972

[Signature]
(Assignor's Signature)

P.O. Box 281

(Assignor's Address)

[Signature]
wife or assignor

Salt Lake City, Utah 84110

(City)

(State)

(Zip Code)

Title 18 U.S.C., Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

THE UNITED STATES OF AMERICA

Assignment approved as to the lands described below:

Assignment approved effective AUG 1 1972

Acting

Chief, Division of Technical Services JUL 18 1972

(Title)

(Date)

NOTE: This form may be reproduced provided that copies are exact reproductions on one sheet of both sides of this official form in accordance with the provisions of 43 CFR 3106

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 42-R1599

Serial No. **U-15054**

ASSIGNMENT AFFECTING RECORD TITLE
TO OIL AND GAS LEASE
PART I

LAND OFFICE USE ONLY

New Serial No.

ARI-MEX Oil & Exploration, Inc.
P.O. Box 1228
Long Beach, California 90801

RECEIVED
JUL 20 1972

The undersigned, as owner of **100** percent of record title of the above-designated oil and gas lease issued effective (date) **June 1, 1971**, hereby transfers and assigns to the assignee shown above, the record title interest in and to such lease as specified below.

2. Describe the lands affected by this assignment (43 CFR 3101.2-3)

T. 20 S., R. 24 E., SLM, Grand County, Utah

Sec. 1: Lots 1,2,5, SW $\frac{1}{4}$ NE $\frac{1}{4}$;

Sec. 3: Lots 3,4;

Sec. 4: Lots 1-5, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$;

Sec. 13: W $\frac{1}{2}$;

Sec. 14: S $\frac{1}{2}$;

Sec. 21: SE $\frac{1}{4}$;

Sec. 23: N $\frac{1}{2}$ NE $\frac{1}{4}$;

Containing 1487.06 acres

3. What part of assignor(s) record title interest is being conveyed to assignee? (Give percentage or share) **100%**

4. What part of the record title interest is being retained by assignor(s)? **None**

5a. What overriding royalty or production payments is the assignor reserving herein? (See Item 4 of General Instructions; specify percentage.) **None**

b. What overriding royalties or production payments, if any, were previously reserved or conveyed? (Percentage only) **None**

It is agreed that the obligation to pay any overriding royalties or payments out of production of oil created herein, which, when added to overriding royalties or payments out of production previously created and to the royalty payable to the United States, aggregate in excess of 17½ percent, shall be suspended when the average production of oil per well per day averaged on the monthly basis is 15 barrels or less.

I CERTIFY That the statements made herein are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this **27** day of **June**, 19**72**

[Signature]
(Assignor's Signature)

P.O. Box 281

(Assignor's Address)

[Signature]
wife of assignor

Salt Lake City, Utah 84110

(City)

(State)

(Zip Code)

Title 18 U.S.C., Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

THE UNITED STATES OF AMERICA

Assignment approved as to the lands described below:

Assignment approved effective **AUG 1 1972**

Acting

By [Signature]

(Authorized Officer)

Chief, Division of Technical Services **JUL 18 1972**

(Title)

(Date)

PART II

ASSIGNEE'S REQUEST FOR APPROVAL OF ASSIGNMENT

A. ASSIGNEE CERTIFIES THAT

1. Assignee is over 21 years of age
2. Assignee is a citizen of the United States
3. Assignee is ☐ Individual ☐ Municipality ☐ Association ☒ Corporation
4. Assignee is the sole party in interest in this assignment (*information as to interests of other parties in this assignment must be furnished as prescribed in Specific Instructions*)
5. Filing fee of \$10 is attached (*see Item 2 of General Instructions*)
6. Assignee's interests, direct and indirect, do not exceed 200,000 acres in oil and gas options, or 246,080 chargeable acres in options and leases in the same state, or 300,000 chargeable acres in leases and options in each leasing district in Alaska.

B. ASSIGNEE AGREES to be bound by the terms and provisions of the lease described here, provided the assignment is approved by the Authorized Officer of the Bureau of Land Management.

C. IT IS HEREBY CERTIFIED That the statements made herein are true, complete, and correct to the best of undersigned's knowledge and belief and are made in good faith.

Executed this 21 day of June

, 19 72

ARI-MEX Oil & Exploration, Inc.

By [Signature]

(Assignee's Signature)

P.O. Box 1228

Long Beach, California 80801

(Address, include zip code)

Title 18 U.S.C., Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

GENERAL INSTRUCTIONS

1. *Use of form* - Use only for assignment of record title interest in oil and gas leases. Do not use for assignments of working or royalty interests, operating agreements, or subleases. An assignment of record title may only cover lands in one lease. If more than one assignment is made out of a lease, file a separate instrument of transfer with each assignment.
2. *Filing and number of copies* - File three (3) completed and manually signed copies in appropriate land office. A \$10 nonrefundable filing fee must accompany assignment. File assignment within ninety (90) days after date of final execution.
3. *Effective date of assignment* - Assignment, if approved, takes effect on the first day of the month following the date of filing of all required papers.
4. *Overriding royalties or payments out of production* - Describe in an accompanying statement any overriding

royalties or payments out of production created by assignment but not set out therein. If payments out of production are reserved by assignor, outline in detail the amount, method of payment, and other pertinent terms.

5. *Effect of Assignment* - Approval of assignment of a definitely described portion of the leased lands creates separate leases. Assignee, upon approval of assignment, becomes lessee of the Government as to the assigned interest and is responsible for complying with all lease terms and conditions, including timely payment of annual rental and maintenance of any required bond; except in the case of assignment of undivided interests, royalties, and operating agreements.
6. A copy of the executed lease, out of which this assignment is made, should be made available to assignee by assignor.

SPECIFIC INSTRUCTIONS

(Items not specified are self-explanatory)

PART I

Item 1 - Type or print plainly, in ink, between and below heavy dots, the assignee's full name and mailing address, including zip code.

PART II

A. Certification of assignee

3. If assignee is an association or partnership, assignee must furnish a certified copy of its articles of association or partnership, with a statement that (a) it is authorized to hold oil and gas leases; (b) that the person executing the assignment is authorized to act on behalf of the organization in such matters; and (c) names and addresses of members controlling more than 10% interest.

If assignee is a corporation, it must submit a statement containing the following information: (a) State in which it was incorporated; (b) that it is authorized to hold oil and gas leases; (c) that officer executing assignment is authorized to act on behalf of the corporation in such matters; and (d) percentage of voting stock and percentage of all stock owned by

aliens or those having addresses outside the United States. If 10 percent or more of the stock of any class is owned or controlled by or on behalf of any one stockholder, a separate showing of his citizenship and holdings must be furnished.

If evidence of qualifications and ownership has previously been furnished as required by the above, reference by serial number of record in which it was filed together with a statement as to any amendments. Qualifications of assignee must be in full compliance with the regulations (43 CFR 3102).

4. *Statement of interests* - Assignee must indicate whether or not he is the sole party in interest in the assignment; if not, assignee must submit, at time assignment is filed, a signed statement giving the names of other interested parties. If there are other parties interested in the assignment, a separate statement must be signed by each and assignee giving the nature and extent of the interest of each, the nature of agreement between them, if oral; and a copy of agreement, if written. All interested parties must furnish evidence of their qualifications to hold such lease interests. Separate statements and written agreements, if any, must be filed no later than (15) days after filing assignment.

PART II

ASSIGNEE'S REQUEST FOR APPROVAL OF ASSIGNMENT

A. ASSIGNEE CERTIFIES THAT

1. Assignee is over 21 years of age
2. Assignee is a citizen of the United States
3. Assignee is: ☐ Individual ☐ Municipality ☐ Association ☒ Corporation
4. Assignee is the sole party in interest in this assignment (*information as to interests of other parties in this assignment must be furnished as prescribed in Specific Instructions*)
5. Filing fee of \$10 is attached (*see Item 2 of General Instructions*)
6. Assignee's interests, direct and indirect, do not exceed 200,000 acres in oil and gas options, or 246,080 chargeable acres in options and leases in the same state, or 300,000 chargeable acres in leases and options in each leasing district in Alaska.

B. ASSIGNEE AGREES to be bound by the terms and provisions of the lease described here, provided the assignment is approved by the Authorized Officer of the Bureau of Land Management.

C. IT IS HEREBY CERTIFIED That the statements made herein are true, complete, and correct to the best of under-signed's knowledge and belief and are made in good faith.

Executed this 27 day of June, 1972

ARI-MEX Oil & Exploration, Inc.

By [Signature]

(Assignee's Signature)

P.O. Box 1228

Long Beach, California 80801

(Address, include zip code)

Title 18 U.S.C., Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

GENERAL INSTRUCTIONS

1. *Use of form* — Use only for assignment of record title interest in oil and gas leases. *Do not use for assignments of working or royalty interests, operating agreements, or subleases.* An assignment of record title may only cover lands in one lease. If more than one assignment is made out of a lease, file a separate instrument of transfer with each assignment.
2. *Filing and number of copies* — File three (3) completed and manually signed copies in appropriate land office. A \$10 nonrefundable filing fee *must* accompany assignment. File assignment within ninety (90) days *after* date of final execution.
3. *Effective date of assignment* — Assignment, if approved, takes effect on the first day of the month following the date of filing of *all* required papers.
4. *Overriding royalties or payments out of production* — Describe in an accompanying statement any overriding royalties or payments out of production created by assignment but not set out therein. If payments out of production are reserved by assignor, outline in detail the amount, method of payment, and other pertinent terms.
5. *Effect of Assignment* — Approval of assignment of a definitely described portion of the leased lands creates separate leases. Assignee, upon approval of assignment, becomes lessee of the Government as to the assigned interest and is responsible for complying with *all* lease terms and conditions, including timely payment of annual rental and maintenance of any required bond; *except* in the case of assignment of undivided interests, royalties, and operating agreements.
6. A copy of the executed lease, out of which this assignment is made, should be made available to assignee by assignor.

SPECIFIC INSTRUCTIONS

(Items not specified are self-explanatory)

PART I

Item 1 — Type or print plainly, in ink, between and below heavy dots, the assignee's full name and mailing address, including zip code.

PART II

A. Certification of assignee

3. If assignee is an association or partnership, assignee *must* furnish a certified copy of its articles of association or partnership, with a statement that (a) it is authorized to hold oil and gas leases; (b) that the person executing the assignment is authorized to act on behalf of the organization in such matters; and (c) names and addresses of members controlling more than 10% interest.

If assignee is a corporation, it *must* submit a statement containing the following information: (a) State in which it was incorporated; (b) that it is authorized to hold oil and gas leases; (c) that officer executing assignment is authorized to act on behalf of the corporation in such matters; and (d) percentage of voting stock and percentage of *all* stock owned by

aliens or those having addresses outside the United States. If 10 percent or more of the stock of any class is owned or controlled by or on behalf of any one stockholder, a separate showing of his citizenship and holdings *must* be furnished.

If evidence of qualifications and ownership has previously been furnished as required by the above, reference by serial number of record in which it was filed together with a statement as to any amendments. Qualifications of assignee *must* be in full compliance with the regulations (43 CFR 3102).

4. *Statement of interests* — Assignee *must* indicate whether or not he is the sole party in interest in the assignment; if not, assignee *must* submit, at time assignment is filed, a signed statement giving the names of other interested parties. If there are other parties interested in the assignment, a separate statement *must* be signed by each and assignee giving the nature and extent of the interest of each, the nature of agreement between them, if oral; and a copy of agreement, if written. *All* interested parties *must* furnish evidence of their qualifications to hold such lease interests. Separate statements and written agreements, if any, *must* be filed no later than fifteen (15) days after filing assignment.

CONSTRUCTION AND INTERPRETATION

I. This agreement hereby incorporates by reference the lease agreement, number U15054, granted by the Department of Interior Bureau of Land Management. Any inconsistencies that exist between this agreement shall be reconciled wherever possible and where impossible this agreement shall prevail except with respect to those provisions of the lease agreement made mandatory by federal law.

II. This agreement constitutes the complete, final, and exclusive agreement of the parties and all prior oral or written agreements with respect to assignment and delegation of the lease agreement number U15054 are incorporated herein.

III. This agreement is to be construed according to the laws of the State of New Mexico.

~~IV. I.D. Nightingale executes this agreement both individually as an individual guarantor for Ari-Mex, and as Vice President for Ari-Mex for and in behalf of Ari-Mex. His liability as an individual shall cease upon Thriftway being furnished with a duly executed copy of the minutes of a duly and properly called and held meeting of the board of directors of Ari-Mex approving this agreement.~~

V. Thriftway shall have a call on the ~~oil~~, gas, and other hydrocarbons produced on and from the above described leased premises to purchase such ~~oil~~, gas and other hydrocarbons from time to time at the then current market price in the area within a radius of fifty miles of the leased premises.

Subscribed and sworn to before me this the 1st day
of June, 1981.

Stefi E. Nunez
Notary Public

County of San Juan

State of New Mexico

My Commission Expires:

1-22-85

This agreement witnessed and attested by me on this the
1st day of June, 1981.

Nicki Proben

James L. Houghton

Dated this the 1st day of June, 1981.

THRIFTWAY COMPANY

By [Signature]
President

Subscribed and sworn to before me this the 1st day
of June, 1981.

[Signature]
Notary Public, County of San Juan
State of New Mexico

My Commission Expires:

1-22-85

This agreement witnessed and attested by me on this the
1st day of June, 1981.

[Signature]

[Signature]

Dated this the 1st day of June, 1981.

ARI-MEX OIL & EXPLORATION, INCORPORATED

By [Signature]
~~Vice~~ President

A G R E E M E N T

IT IS HEREBY agreed by and between Eugene M. Sussex of Farmington, New Mexico, hereinafter referred to as SUSSEX, and Thriftway Company, a New Mexico corporation, hereinafter referred to as THRIFTWAY, as follows:

1. Sussex as inducement to Thriftway to cause Thriftway to enter into this contract with Sussex makes the following representation to be true:

A. By, under and through a farmout agreement dated March 23, 1979 between Ari-Mex Oil and Exploration, Inc., a New Mexico corporation and Sussex, attached hereto and incorporated herein by reference as Attachment "A", Sussex has the right to reserve all production payments from oil and gas found from the surface through the approximate depth of 6,000 feet of five leases from the United States of America: U 15049, U 15054, U 17610, U 17830, and U 17457 located in Grand County, Utah. Of the income from these leases (a) the United States of America is to receive a twelve and one-half percent (12 1/2%) royalty from the proceeds from production, and (b) Ari-Mex Oil and Exploration, Inc. (Ari-Mex) is to receive a seven and one-half percent (7 1/2%) royalty. The balance of the production proceeds is totally Sussex'.

B. The leases covered in the farmout (Attachment "A") are attached hereto and incorporated herein by reference at Attachment "B".

C. Before September 11, 1979, Sussex entered into a farmout agreement with John Cunningham (Cunningham) which expired before September 17, 1979.

On September 17, 1979, Sussex entered into a farmout

agreement with John Cunningham (Cunningham) wherein Sussex assigned to Cunningham all interest Sussex had received from Ari-Mex, Sussex retaining for himself a ten percent (10%) working interest after the first day of production and an additional twenty percent (20%) working interest [for a total of thirty percent (30%) working interest] after payout. Cunningham was to cause a well to be begun by October 9, 1979 and to "cause for (4) wells to be drilled or finding commercial production in the year 1979", and to cause four (4) wells to be drilled in the first one hundred eighty (180) days of the year 1980."

(Attachment "C")

D. On or about September 11, 1979, Cunningham entered into an "agreement" with Daniel L. Schwetz and Dean W. Schwetz, d/b/a Four "D" Oil Company (4D), attached hereto and incorporated herein as Attachment "D". 4D agreed to perform for Cunningham in Cunningham's farmout agreement with Sussex dated September 17, 1979 (Attachment "C").

E. Two wells have been drilled on the leased premises, neither of which is in production as of April 14, 1980. Both were drilled by or at the direction of 4D. While a well was begun by October 7, 1979, commercial production was not found in 1979 and four wells were not drilled in 1979. Cunningham is in breach of his agreement with Sussex (Attachment "C").

F. The driller of the second well, Mr. Starner (Starner), has not been paid by 4D and Starner states that he will file a lien against the lease property for the \$71,000.00 owed to him for the drilling work he performed on the second well, if that \$71,000.00 is not paid before

April 17, 1980. Ari-Mex has advised Sussex that if a lien is filed by Starner, that filing shall be a breach of Sussex' agreement with Ari-Mex.

G. A letter of default has been sent by Sussex to Cunningham and is attached hereto and incorporated herein as Attachment "D", giving notice to complete the second well and pay Starner by noon, MST, April 16, 1980. If the well is completed and the payment made to Starner, the additional four (4) wells are to be drilled on or before June 28, 1980.

2. In a desire to insure that he does not lose his agreement with Ari-Mex, and in consideration for the actions of Thriftway, Sussex enters into the following agreement with Thriftway.

A. If Cunningham and/or 4D pay Starner on or before April 16, 1980, Thriftway shall receive one-half (1/2) of all of Sussex' interest in all the said leases and farmouts.

B. If Cunningham or 4D do not pay Starner the \$71,000.00 in full by noon, MST, April 16, 1980,

(1) Thriftway shall pay Starner the \$71,000.00 owing to him on or before April 17, 1980.

(2) Thriftway shall proceed to, in an orderly and business like fashion, develop the leases farmed out to Sussex by Ari-Mex in the agreement dated July 17, 1979. (Attachment "A" and "C") The leases shall, as between Thriftway and Sussex be considered as one package.

(3) Sussex shall have an eight and one-half percent (8 1/2%) overriding royalty and, except as to the 12 1/2% retained by the United States government and the 7 1/2% retained by Ari-Mex, Thriftway shall have all other

interests in the said leases, farmout agreement(s), etc.

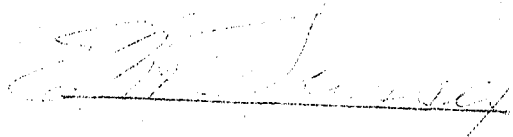
C. If Cunningham and/or 4D do pay Starner the \$71,000.00 on or before noon, MST, April 16, 1980 and thereafter default in failing to drill the four (4) wells, as required on or before June 28, 1980, the provisions of paragraph 2.A. above shall apply after June 28, 1980, but paragraph 2.B. (2) and (3) shall apply until June 28, 1980.

D. If Cunningham and/or 4D default but it is later determined by Court action or settlement that cunningham or 4D have an interest in the leases, paragraph 2.A. above shall apply.

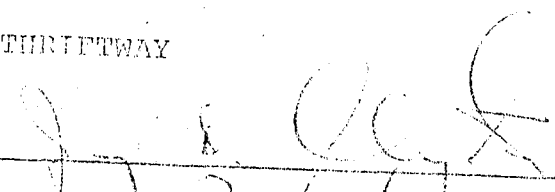
3. Sussex haereby designates Thriftway operator of the leased premises. Thriftway may assign its responsibilities as operator.

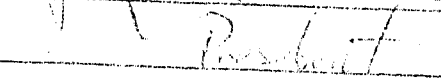
DONE this 19 day of April, 1980.

EUGENE M. SUSSEX.



THRIFTWAY

BY: 

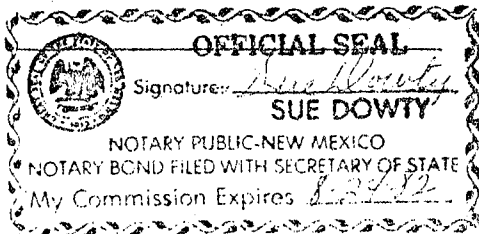
TITLE: 

STATE OF NEW MEXICO)
) ss.
COUNTY OF SAN JUAN)

Subscribed and sworn to before me this 18th day
of April, 1980, by Thriftway, a New Mexico corporation,
by Jerry Clayton, President.

Sue Dowty
Notary Public

My Commission Expires:



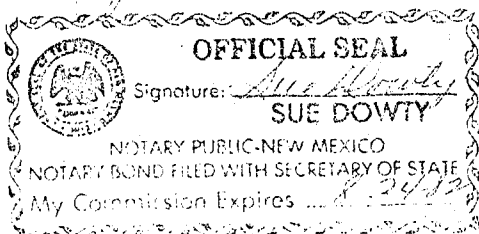
STATE OF NEW MEXICO)
) ss.
COUNTY OF SAN JUAN)

Subscribed and sworn to before me this 18th day
of April, 1980, by Eugene M Sussex,

Sue Dowty
Notary Public

My Commission Expires:

August 24, 1982



ASSIGNMENT AND DELEGATION

Entry No. 392301
Recorded 6-10-81 3:10 P.M.
Bk. 324 Pg. 483-489 Fee 13.00
Lilly Mae Noorlander
Lilly Mae Noorlander
Recorder of Grand County ^{mjd}

PARTIES

Agreement made Sunday, May 31, 1981, Eugene M. Sussex, herein referred to as assignor, and Air-Mex Oil and Exploration, Inc., a New Mexico Corporation, herein referred to as assignee.

RIGHTS AND OBLIGATIONS OF THE PARTIES

I. In consideration for one dollar, the assumption of assignor's obligation to drill for oil, liquid hydrocarbons and gases thereof, upon the leasehold referred to herein, owed to the lessor, and the procurement of an extension or renewal of the lease agreement referred to herein, the assignor acknowledges and agrees:

- A. to grant, assign, release, and surrender all rights, title, and interest in the leasehold, granted by the Department of Interior, Bureau of Land Management, and covered by a lease agreement numbered U15054, in real property owned by the United States Government and administered by the Department of Interior, Bureau of Land Management. Said leasehold is located in the State of Utah, Salt Lake Meridian, Grand County, Township 20 South, Range 24 East, and includes the southwest quarter, northeast quarter, lots 1, 2, 5 of section 1; lots 3 and 4 of section 3, the south one-half, northeast quarter, southeast quarter, northwest quarter, lots 1-3 of Section 4; the west one-half of Section 13; the south one-half of Section 14; the southeast quarter

of Section 21; and the north one-half of Section 23, and comprises 1487.06 acres.

EMMS
JWA
B. that assignor reserves no reversionary interest in the said leasehold and relinquishes any ~~such reversionary interest created by any~~ agreement between the assignor and the assignee or any other parties.

C. to relinquish and release any rights to pooling, unitization or combination of any interest in the leasehold covered by this agreement, or any product thereof, with any interest owned by the assignor in lands adjoining or adjacent to said leasehold, or any product of such lands.

D. that this agreement is effective and binding with respect to any land adjoining or adjacent to the leasehold referred to herein, as covered by any "mother hubbard" clause contained in the lease agreement granted by the Department of Interior, Bureau of Land Management and referred to herein.

E. that this assignment and delegation shall be effective between the parties hereto and that the assignee has the right to commence investigation, exploration, prospecting, drilling for and producing oil, liquid hydrocarbons, and all gases thereof, on the leasehold, upon execution of this agreement, notwithstanding the fact that the assignee has yet to qualify for said leasehold under rules promulgated by the Secretary of Interior or Secretary of Energy, make any required filing of this agreement or the lease agreement, number U15054, or otherwise comply with any other statutory

requirement promulgated by the United States Government, its agencies or subdivisions, or any State Government, agency or subdivision thereof.

F. that the lease agreement granted by the Department of Interior, Bureau of Land Management, number U15054, together with any documents pertaining thereto issued by the Department of Interior, Bureau of Land Management, constitutes evidence that the claim to the leasehold covered by said lease agreement has been accepted and allowed by the Department of Interior, Bureau of Land Management, that the value of said leasehold has been ascertained, and that a warrant or demand for an interest in such leasehold has been made.

G. to surrender possession of the leasehold to the assignee at the time this agreement has been executed, and to deliver all copies of lease agreement number U15054, that are in the possession of assignor, within ten (10) days of the execution of this agreement.

H. that this agreement binds all of the assignor's devisees, successors and assigns, and that the agreement applies to all modifications, renewals or extensions of the lease agreement.

II. In consideration for the grant and assignment of all rights, title, and interest in the leasehold covered by this agreement, made by the assignor, in favor of the assignee, the assignee acknowledges and agrees:

A. to grant to assignor an overriding royalty interest of 4% of the product of said leasehold,

in kind, at the well head, or the value of such royalty interest at the current market price, at the assignor's sole election. If the assignor elects to take in kind and no market exists for the product at the current market price, then assignor shall remove the product from the leasehold.

- B. to assume all duties and obligations contained in lease agreement, number U15054, granted by the Department of Interior, Bureau of Land Management.
- C. to assume all duties and obligations arising from any bond given to the United States Geological Survey, or any other United States agency or subdivision, in connection with any permit for investigation, exploration, prospecting, drilling for or the production of oil, liquid hydrocarbons, and all gases thereof, on the leasehold covered by this agreement, by the assignor or any other parties.
- D. that the assignee will exercise due diligence in making any required filing of this agreement and lease agreement, number U15054, in the real property records of the State of Utah, with the Department of Interior, Bureau of Land Management, and meeting the qualifications for possession of said leasehold as prescribed by the Department of Interior, Bureau of Land Management.
- E. to hold the assignor harmless for any breach of duties or obligations created by the assignee prior or subsequent to the execution of this agreement, or any claims arising from the intentional misconduct or negligence of the assignee in connection

with the possession of the leasehold or the investigation, exploration, prospecting, drilling for, or production of oil, liquid hydrocarbons, and all gases thereof, on the leasehold.

- F. that the lease agreement granted by the Department of Interior, Bureau of Land Management, number U 15054, constitutes evidence that the claim to the leasehold covered by said lease agreement has been accepted and allowed by the Department of Interior, Bureau of Land Management, that the value of said leasehold has been ascertained, and that a warrant or demand for an interest in said leasehold has been made.
- G. that the assignee will exercise due diligence in the procurement of any bond required by the United States Geological Survey, or any other United States agency or subdivision in connection with any permit required for investigation, exploration, prospecting, drilling for, or the production of oil, liquid hydrocarbons, and all gases thereof on the leasehold covered by this agreement, as a substitute for any such bond given by the assignor prior to the execution of this agreement.
- H. that the agreement binds all of the assignee's devisees, successors, and assigns, and that the agreement applies to all modifications, renewals, or extensions of the lease agreement.

CONSTRUCTION AND INTERPRETATION

- I. This agreement hereby incorporates by reference the lease agreement, number U 15054, granted by the Department of Interior, Bureau of Land Management. Any inconsistencies that

Exist between this agreement shall be reconciled where-
ever possible and where impossible this agreement shall
prevail except with respect to those provisions of the lease
agreement made mandatory by federal law.

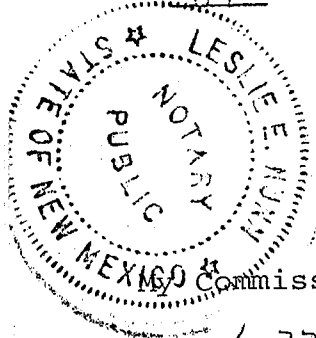
II. This agreement constitutes the complete, final,
and exclusive agreement of the parties and all prior oral
or written agreements with respect to assignment and
delegation of the lease agreement number U 15054 are
incorporated herein.

III. This agreement is to be construed according to the
laws of the State of New Mexico.

Dates this the 1st day of JUNE, 19 81

Eugene M. Sussex
Eugene M. Sussex

Subscribed and sworn to before me this the 1st day of June,
19 81.



My Commission Expires:

1-22-85

John E. Numm
Notary Public, County of San Juan
State of New Mexico

This agreement witnessed and attested by me on this the 1st
day of June, 19 81.

Nicki Nolan

Gerald R. Preston Jr.

Dated this the 1st day of JUNE, 19 81

Ari-Mex Oil & Exploration, Incorporated
by Jack Hightungale President

Subscribed and sworn to before me this the 1st day of June,
19 81.



My Commission Expires:

1-22-85

John E. Numm
Notary Public, County of San Juan
State of Utah NA-MENCO

This agreement witnessed and attested by me on this
the 1st day of June, 19 81.

Nicki Nolan

Gerald R. Preston Jr.

FARMOUT AGREEMENT

In consideration of the sum of ten dollars (\$10.00), paid by Four "D" Oil to John Cunningham, John Cunningham hereby grants to Four "D" Oil all rights he has acquired from Eugene M. Sussex and all rights Eugene M. Sussex has acquired from Ari-Mex Oil and Exploration, Inc. in certain federal oil and gas leases held by same in Grand County, Utah. All points one(1) through six (6), in the Farmout Agreement signed March 23, 1979 by B. J. Baggett for Ari-Mex Exploration, Inc., being passed by Eugene M. Sussex to John Cunningham and being passed by John Cunningham to Four "D" Oil.

1. Four "D" Oil agrees to pay all expenses for 10% working interest until the first day of production, for Eugene M. Sussex, at which time, he will pay his part of the operating costs.
2. Four "D" Oil agrees to keep records of all well costs in the four (4) well blocks, and after payout of each block, Eugene M. Sussex will acquire 10% more working interest paying his part of the operating costs from that day forward. The intention being, Eugene M. Sussex will own 20% working interest, as an end result.
3. Four "D" Oil has until midnight, September 17, 1979 to start a drilling operation, causing four (4) wells to be drilled through the Bushy Basin section or until commercial production is found, in the year 1979.
4. Four "D" Oil agrees to drill four (4) wells in the first one hundred eighty (180) days of the year 1980.
5. For so long as commercial production is maintained by Four "D" Oil, under the provisions of this agreement, they shall have the sole operating rights in any wells they may drill on the lease subject only to provisions heretofore mentioned.
6. It is agreed that when leases and legal descriptions are obtained from the Salt Lake City land office, a formal agreement will be drawn and signed by both parties, John Cunningham and Four "D" Oil.

ACKNOWLEDGED, ACCEPTED AND APPROVED:

By: John Cunningham
John Cunningham

By: Daniel L. Schwetz
Daniel L. Schwetz
Four "D" Oil

STATE OF UTAH)
) ss.
County of Salt Lake)

On this _____ day of _____, 19____, before me, the undersigned Notary Public, personally appeared John Cunningham, an individual and Daniel L. Schwetz, Four "D" Oil.

IN WITNESS WHEREOF I hereunto set my hand and official seal.

Notary Public

My Commission Expires: _____

17, 1979

FARMOUT AGREEMENT

In consideration of the sum of ten dollars (\$10.00), paid by John Cunningham to Eugene M. Sussex, Eugene M. Sussex hereby grants to John Cunningham all rights he has acquired from Ari-Mex Oil and Exploration, Inc. in certain federal oil and gas leases held by same in Grand County, Utah. All points, one (1) through six (6), in the Farmout Agreement signed March 23, 1979, by B. J. Baggett for Ari-Mex Exploration, Inc., being passed by Eugene M. Sussex to John Cunningham.

1. John Cunningham agrees to pay all expenses for 10% working interest until the first day of production, for Eugene M. Sussex, at which time, he will pay his part of the operating costs.
2. John Cunningham agrees to keep records of all well costs in the four (4) blocks, and after payout of each block, Eugene M. Sussex will acquire 10% more working interest paying his part of the operating costs from that day forward. The intention being, Eugene M. Sussex will own 20% working interest, as an end result.
3. John Cunningham has until midnight, September 17, 1979 to start a drilling operation, causing four (4) wells to be drilled through the Brushy Basin section or until commercial production is found, in the year 1979.
4. John Cunningham agrees to drill four (4) wells in the first one hundred eighty (180) days of the year 1980.
5. For so long as commercial production is maintained by John Cunningham, under the provisions of this agreement, he shall have the sole operating rights in any wells he may drill on the lease subject only to provisions heretofore mentioned.
6. It is agreed that when leases and legal descriptions are obtained from the Salt Lake City land office, a formal agreement will be drawn and signed by both parties, Eugene M. Sussex and John Cunningham.

ACKNOWLEDGED, ACCEPTED AND APPROVED:

By:

EUGENE M. SUSSEX

By:

JOHN CUNNINGHAM

STATE OF NEW MEXICO }
County of Sandoval } ss.

On this 18th day of July, 1979,
before me, the undersigned Notary Public, personally appeared
JOHN CUNNINGHAM and EUGENE M. SUSSEX.

IN WITNESS WHEREOF I hereunto set my hand and official
seal.

Candida G. Gentry
Notary Public

My Commission Expires:

8-23-82

Entry No. 382230Recorded 7-26-79 9:40Bk. 295 Pg. 328 Fee 4.00

Lilly Mae Hordlander

Recorder of Grand County

FARMOUT AGREEMENT

In consideration of the sum of \$2,000.00, paid by Eugene M. Sussex to Ari-Mex Oil & Exploration, Inc., and the other promises herein made, Ari-Mex Oil & Exploration, Inc., hereby grants to Eugene M. Sussex the following rights in certain acreage, said acreage being all the Federal oil and gas leases held by Ari-Mex Oil & Exploration, Inc., in Grand County Utah. It is agreed that at a later date the lease numbers and legal descriptions will be put in a supplemental agreement.

1. Eugene M. Sussex shall have the right to explore for and develop oil and gas from the surface through the Molas section of the Pennsylvanian series, or a depth of approximately 6,000'.

2. Eugene M. Sussex shall, upon attaining production under the provisions of this agreement, be designated operator for all wells completed and to be produced under this agreement.

3. Eugene M. Sussex shall have the right to receive all production payments from wells in which he is designated operator, provided that Ari-Mex Oil & Exploration, Inc., shall receive 7.5% royalty on said production and the United States of America shall receive the royalty on said production to which it is entitled and Eugene M. Sussex agrees to cause such royalty payments to be made.

4. For so long as commercial production is maintained by Eugene M. Sussex, under the provisions of this agreement, he shall have the sole operating rights in any wells he may drill on the lease, subject only to the royalty provisions heretofore mentioned.

5. Eugene M. Sussex further agrees to pay, when due, all lease payments due the United States of America while he is operating under this agreement.

6. It is understood and agreed that the acreage covered by this agreement are described in the following serial numbered leases of the Salt Lake City land offices:

U 15049
U 15054
U 17610
U 17830
U 17457

Trkly No. 382229
Recorded 7-26-79 9:40 AM
Pg. 327 Feb 4 '80

Lilly Mae Neale

Recorder of Grand County 97

In the event that united 17606 should again become available to Ari-Mex Oil & Exploration, Inc. then it shall become a part of this instrument and controlled by the terms herein.

IN WITNESS hereof the parties have put their hands this 23rd day of March, 1979.

Eugene M. Sussex
EUGENE M. SUSSEX

ARI-MEX OIL & EXPLORATION, INC.

By *B. J. Baggett*

STATE OF NEW MEXICO)
COUNTY OF SAN JUAN) ss

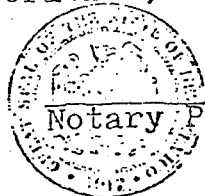
The foregoing instrument was acknowledged before me this 23rd day of March, 1979 by B. J. Baggett, President of Ari-Mex Oil & Exploration, Inc., a New Mexico corporation.

Signature *Shirley J. Hoyt*
SHIRLEY J. HOYT
NOTARY PUBLIC - NEW MEXICO

My commission expires:

8-10-82

327



My Commission Expires: 8-10-82



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab District
P.O. Box 970
Moab, Utah 84532

IN REPLY REFER TO
2800
U-48057
(U-060)

DECISION

MAY 19 1981

Right-of-Way Granted

Details of Grant

Pursuant to the authority vested in the undersigned, a right-of-way, the stipulations of which are shown on Appendix A, is hereby granted.

Serial Number: U-48057

Name of Holder: Thriftway Company
P.O. Box 1367
Farmington, NM 87401

Legal Description: T. 20 S., R. 24 E., SLM
Sec. 4: NW $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$
Sec. 5: SE $\frac{1}{4}$ SE $\frac{1}{4}$
Sec. 8: N $\frac{1}{2}$ N $\frac{1}{2}$ NE $\frac{1}{4}$

Permitted use: Road right-of-way width total 22 feet, length approximately 1 $\frac{1}{2}$ miles. Pipeline right-of-way width 10 feet length 2 miles.

Authority: Section 28 Title I of the Mineral Leasing Act of 1922, Title V of the Federal Land Policy and Management Act of 1976 and the Right-of-Way Regulations (43 CFR 2800).

Effective date: Date of this Grant.

Termination date: 30 years from date of Grant.

Rental: Rental Deposit on Pipeline.

Amount: To be determined by formal appraisal.

When payable: Beginning of each five year period.

Kenneth V. Rhea
District Manager

Terms and Conditions of Right-of-Way Grant

Serial No. U-48057

General Stipulations:

1. The applicant by accepting this right-of-way grant, agrees and consents to be bound by all terms and conditions of 43 CFR 2800 and all valid rights existing on the date of grant.
2. "The Company (Holder) agrees not to exclude any person from participating in employment or procurement activity connected with this grant on the grounds of race, creed, color, national origin and sex, and to ensure against such exclusions, the Company (Holder) further agrees to develop and submit to the proper reviewing official specific goals and timetables with respect to minority and female participation in employment and procurement activity connected with this grant. The Company (Holder) will take affirmative action to utilize business enterprises owned and controlled by minorities or women in its procurement practices connected with this grant. Affirmative action will be taken by the Company (Holder) to assure all minorities or women applicants full consideration of all employment opportunities connected with this grant. The Company (Holder) also agrees to post in conspicuous places on its premises which are available to contractors, subcontractors, employees and other interested individuals, notices which set forth equal opportunity terms; and to notify interested individuals, such as bidders, contractors, purchasers and labor unions or representatives of workers within whom it has collective bargaining agreements, of the Company's equal opportunity obligations."
3. This right-of-way may be renewed. If renewed, the right-of-way will be subject to regulations existing at the time of renewal and such other terms and conditions deemed necessary to protect the public interest.
4. The Holder shall comply with the applicable Federal and state laws and regulations concerning the use of pesticides (i.e., insecticides, herbicides, fungicides, rodenticides, and other similar substances) in all activities/operations under this grant. The Holder shall obtain from the Authorized Officer approval of a written plan prior to the use of such substances. The plan must provide the type and quality of material to be used; the pest, insect, fungus, etc. to be controlled; the method of application; the location for storage and disposal of containers; and other information that the Authorized Officer may require. The plan should be submitted not later than December 1 of any calendar year that covers the proposed activities for the next fiscal year (i.e., December 1, 1979, deadline for a fiscal year 1981 action). Emergency use of pesticides may occur. The use of substances on or near the right-of-way shall be in accordance with the approved plan. A pesticide shall not be used if the Secretary of the Interior has prohibited its use. A pesticide shall be used only in accordance with its registered uses and within other limitations if the Secretary has imposed limitations. Pesticides shall not be permanently stored on the public lands authorized for use under this grant.

Special Stipulations:

1. The Holder will be particularly alert in any operations to take all reasonable and necessary precautions to protect and preserve historic or prehistoric ruins and artifacts on or adjacent to the right-of-way. Should such sites, ruins or artifacts be discovered, the Holder will immediately suspend work involving the area in question and advise BLM's District Manager of the suspected values. Cost of any salvage work will be borne by the Holder. All objects of antiquity salvaged from public lands are the property of the United States Government and will be turned over to the BLM.
2. The Holder shall not conduct construction operations when soils or surface materials are in a wet or saturated state (equipment being used sinks three inches or more).
3. After conclusion of construction, all construction materials, litter, and debris will be disposed of within 30 days.
4. During construction travel shall be restricted to the right-of-way and existing public roads.
5. The Holder will do everything reasonable within his or her power, both independently or upon request of the Authorized Officer, to prevent and suppress fires on or in the immediate vicinity of the right-of-way. This includes making available such construction and maintenance forces as may be reasonable for the suppression of fires.
6. The Holder will notify the BLM Grand Resource Area Manager at least seven days in advance of intent to commence field operations associated with this right-of-way grant. At this time arrangements will be made for a prework conference between representative of BLM, the Holder and his contractors.
7. The Holder will submit a centerline survey within 60 days after completion.
8. Erosion control techniques and devices will be utilized. See attached Surface Use Standards for examples.
9. The disturbed area must be recontoured to its natural state and reseeded between September 15 and November 15. If the first reseeding fails the area will be reseeded until acceptable success is obtained at the Holder's expense. The well site seed mixture will be used for the rehabilitation.
10. The Right-of-Way Grant is subject to receipt of an Approved Permit to Drill (APD) from USGS.

Thriftway Clayton #2

- 12) All crossings will be low water crossings
- 13) The road will be constructed no closer than 100 feet south of the old railroad grade.
- 14) The road width total will be 18 feet during drilling. This will be upgraded if the well is determined a producer to a 18 foot travel surface with a 22 foot total width. The road will only be roughed in during drilling with disturbance kept to a minimum. The road will have a 3 to 6 inch crown & ditches if upgraded.
- 15) If the well is not determined a producer, the road will be ripped and seeded. During construction ^{12"} topsoil will be stockpiled & windrowed for rehabilitation.
- 16) If the well is not determined a producer, this right-of-way will no longer be in effect upon receipt from BLM of a letter of satisfactory rehabilitation.

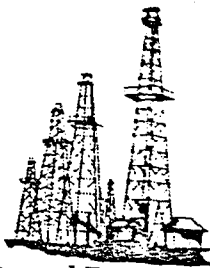
I certify I am an authorized officer of Thriftway Company and do hereby agree to the stipulations for Clayton #2.

Harry R. Becker

- 12) The pipeline will parallel the road along entire length. The width will be 10 feet and a length of approximately 2 miles. The line will be surface laid and tie into Northwest Pipeline trunk line east of the proposed well.
- 13) all above ground facilities will be painted a color which blends with the surrounding landscape.
- 14) This right-of-way will no longer be in effect if the well is determined a non-producer.

I certify I am an authorized officer for
Thriftway Company and do hereby accept
the stipulations for Clayton #2

Perry Becker



BURKHALTER ENGINEERING

588 - 25 Road

Grand Junction, CO 81501

Telephone (303) 242-8555

*Petroleum and Energy Consultants
Registered in Rocky Mountain States*

Grand County, Sec. 4, T20S, R24E

ARI - MEX OIL & EXPLORATION, INC.

BTU

GAL./M

CLAYTON No. 2

Sec. 4, T20S, R24E
Grand County, Utah

0.70

0.011

0.032

0.010

Completion Operations

June 12 & 13, 1981

ARI-MEX OIL & EXPLORATION INC.

CLAYTON #2

6-11-81

Ran bond and correlation log. Used Gearhart Wireline. PBTD of 1550, acceptable for interval we are interested in. Bond log not 100%, but acceptable.

Also got casing trimmed and bell nipple welded on by Colorado Energy Supply.

6-12-81

Rigged up Mac Well Service, picked up 2 3/8 EUE tubing and GIH. Tag up PBTD at 1562 KB. Displace hole with 10 lb. brine from Moab. Weigh effluent to be sure that 10 lb. has come completely around.

Rig up Gearhart and perforate 1530, 1531, 1537, 1538, 1539, 1540, 1541, 1542, 1543, 1544, 1545; 11 holes. Perforate with 3 3/8 Hollow Steel Carrier, 14 gram DML jet shots.

Run 47 joints 2 3/8" EUE API tubing with 1 25/32" seating nipple on bottom and Cast Iron Disc 1 jt up from bottom. Rig down BOP and land tubing at 1551 KB in wellhead.

Break Cast Iron Disc with sinker bar and well begins coming around. Finish swabbing in and well commences good blow. Clean up for 1 hour and install 5/8" choke nipple in flow line. Leave well flowing to pit at 9:00 pm through 5/8" choke nipple with tubing pressure 300 psig.

6-13-81

Arrive location at 7:30 am and well cleaned up and holding 430 psig behind 5/8" choke nipple. Flow

ASSIGNMENT AND DELEGATION

This instrument is executed pursuant to an agreement made between Ari-Mex Oil & Exploration, Inc., herein referred to as Assignee and Thrift-Way Company, herein referred to as Assignor.

In consideration of assignee's agreement to accept delegation of Assignor's duties and obligations, including, but not limited to, rental liability on the hereinafter described Right-of-Way, Assignor hereby assigns, grants and conveys all of its right, title and interest in Right-of-Way No. U-48057, described as follows:

Township 20 South, Range 24 East, Salt Lake Meridian, Grand County, Utah

Sec. 4: NW $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$

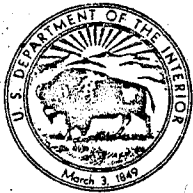
Sec. 5: SE $\frac{1}{4}$ SE $\frac{1}{4}$

Sec. 8: N $\frac{1}{2}$ N $\frac{1}{2}$ NE $\frac{1}{2}$

Said right-of-way was granted to the Assignor by the Department of the Interior, Bureau of Land Management and includes a road right-of-way with a width of 22 feet, length of approximately 1 $\frac{1}{2}$ miles, and a pipeline right-of-way with a width of 10 feet and length of approximately of 2 miles.

The parties further agree that this Assignment incorporates by reference the Right-of-Way grant executed by the Department of Interior, Bureau of Land Management, and together with the covenants and conditions contained therein, and shall be binding on all of the heirs, devisees, successors, and assigns of both the Assignee and Assignor and shall apply to any modification, extension, or renewal of Right-of-Way No. U-48057.

This Assignment constitutes the complete, final, and exclusive agreement of the parties and all prior oral or written agreements with respect to Right-



United States Department of the Interior

IN REPLY REFER TO

3109
(U-068)

~~BUREAU OF LAND MANAGEMENT~~

Moab District

~~Grand Resource Area~~

P. O. Box M

Moab, Utah 84532

APR 2 1981

Ph: 251-6111

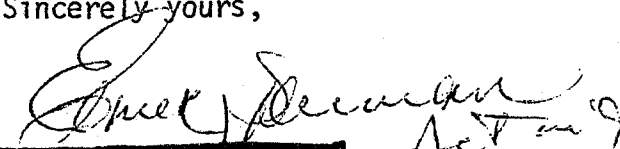
Mr. Larry Becker
Burkhalter Engineering
588 - 25 Road
Grand Junction, CO. 81501

Subject: Staking Request (PER): U-15054
Well: Jerry Clayton #2
Section 4, T. 20 S., R. 24 E.
Grand County, Ut.

Dear Mr. Becker:

This office has no objections to staking the above subject location. Would you include your bond number when submitting your application to drill. In addition you should be knowledgeable that Grand County requires a permit if you plan to use a county road as a portion of your access road. You should contact the County Road Supervisor. An archaeological clearance must be obtained after staking the site(s).

Sincerely yours,


Colin P. Christensen
Area Manager

cc:
Grand County Road Supervisor

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE

(See other instructions on reverse side)

Form approved
Budget Bureau No. 42 R3553

5. LEASE DESIGNATION AND SERIAL NO.

U-15054

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

FARM OR LEASE NAME

Federal

8. WELL NO.

Clayton #2

9. FIELD AND POOL, OR WILDCAT

Wildcat

10. SEC. T. R. M. OR BLOCK AND SURVEY

Sec. 4, T20S, R24E, SLM

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL ☒ GAS WELL ☒ DRY ☐ Other

b. TYPE OF COMPLETION: NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DIFF. RESER. ☐ Other

2. NAME OF OPERATOR

ARI-MEX Oil & Exploration, Inc.

3. ADDRESS OF OPERATOR

P.O.Box 249 Moab, Utah 84532

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)

At surface 550' FNL & 1961' FEL of Section 4

At top prod. interval reported below

Approximately same

At total depth

14. PERMIT NO.

42-R1425

DATE ISSUED

019-30801

COUNTY OR PARISH

Grand

13. STATE

Utah

15. DATE SPUN

5-31-81

16. DATE T.D. REACHED

6-7-81

17. DATE COMPL. (Ready to prod.)

6-13-81

18. ELEVATIONS (DF, HKB, RT, GR, ETC.)

4602 GR

19. ELEV. CASINGHEAD

4604

20. TOTAL DEPTH, MD & TVD

1605

21. PLUG BACK T.D., MD & TVD

NA

22. IF MULTIPLE COMPL., HOW MANY

23. INTERVALS DRILLED BY

ROTARY TOOLS

rotary

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION--TOP, BOTTOM, NAME (MD AND TVD)*

1530, 1531, 1537, 1538, 1539, 1540, 1541, 1542, 1543, 1544, 1545; 11 holes

25. WAS DIRECTIONAL SURVEY MADE

no

26. TYPE ELECTRIC AND OTHER LOGS RUN

Cement Bond with Gamma Ray and Correlation Log

27. WAS WELL CORED

no

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
7"	20#	160'	7 7/8"	25 bbls. 1/4# celloflake	100sx
4 1/4"	10 1/2#	1605'	6 1/4"	60 sks Dowell RFC	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
	NA				2 3/8"	1551'	NA

31. PERFORATION RECORD (Interval, size and number)

1530, 1531, 1537, 1538, 1539, 1540, 1541, 1542, 1543, 1544, 1545; 11 holes. 3 3/8" Hollow Steel Carrier, 14 gram DML Jet shots.

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
NA	NA

33. PRODUCTION

DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)				WELL STATUS (Producing or shut-in)	
NA		NA				shut-in	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
6-13-81	10½ hrs.	5/8"	→		4000 MCF		
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY API (CORR.)	
430 psig	500 psig	→		4000 MCF			

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

Will be sold

TEST WITNESSED BY

J.N.Burkhalter

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

J.N. Burkhalter

TITLE

Consulting Engineer

12-3-81

DATE

*(See Instructions and Spaces for Additional Data on Reverse Side)

INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 35.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other places on this form and in any attachments.

Items 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form for each interval identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Item 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

Item 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

10 10021V
MINN 3 2/10 J10

37. SUMMARY OF POROUS ZONES:

SHOW ALL IMPORTANT ZONES OF POROSITY AND CONTENTS THEREOF: CORED INTERVALS; AND ALL DRILL-STEM TESTS, INCLUDING DEPTH INTERVAL TESTED, CUSHION USED, TIME TOOL OPEN, FLOWING AND SHUT-IN PRESSURES, AND RECOVERIES

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	38. GEOLOGIC MARKERS	
				NAME	NEAR. DEPTH
Dakota Buckhorn	1310	1356	Gas Show, Water Gas	Dakota Buckhorn Morrison	1310
	1530	1545			1530 1560

October 23, 1981

Northwest Pipeline Corporation
P.O. Box 1526
Salt Lake City, Utah 84110

LETTER OF AUTHORITY

Dear Sirs:

ARI-MEX Oil & Exploration, Inc. does hereby grant and convey all its right, title and interest in the pipeline right-of-way only in that certain Right-of-Way Granted May 19, 1981 by the U.S. Department of the Interior, Bureau of Land Management under U-48057 (U060) and be afforded any privileges and rights accruing to ARI-MEX Oil & Exploration, Inc. under this decision.

This authority is given to Northwest Pipeline as of May 19, 1981.

Very truly yours,

(I.D. Nightingale)
President

IDN:jj



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Moab District
P.O. Box 970
Moab Utah 84532

IN REPLY REFER TO
2800
(U-48057)
(U-060)

CERTIFIED--RETURN RECEIPT REQUESTED
Certification No. 993088

DEC 03 1981

Decision

Assignee

ARI-MEX Oil & Exploration, Inc.
P.O. Box 249
Moab, Utah 84532

Right-of-Way
U-48057

Assignor

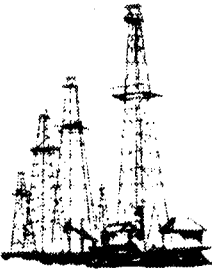
Thriftway Company
P.O. Box 1367
Farmington, New Mexico 87401

Transfer of Right-of-Way Approved

On May 18, 1981, the Thriftway Company was granted right-of-way U-48057, for an access road and gas pipeline. On November 9, 1981, ARI-MEX Oil & Exploration, Inc. filed evidence that it has acquired the above right-of-way from Thriftway Company and has met the requirements necessary for approval of the right-of-way assignment.

Accordingly, the transfer of Right-of-Way U-48057 is hereby approved subject to the terms and conditions of the original right-of-way and applicable regulations in 43 CFR Part 2800.

ACTING District Manager



*Petroleum and Energy Consultants
Registered in Rocky Mountain States*

BURKHALTER ENGINEERING

588 - 25 Road
Grand Junction, CO 81501
Telephone (303) 242-8555
(303) 242-8675

January 18, 1982

Mr. E.W. Guynn
District Engineer
U.S. Geological Survey
2000 Administration Building
1745 West, 1700 South
Salt Lake City, Utah 84104

Re: Completion Report for Federal Clayton #2
NW NE, Sec. 4, T20S, R24E
Grand County, Utah
Lease #U-15054

Dear Mr. Guynn,

I am enclosing three copies of a corrected report of the above referenced well. The one which you have shows a spud date of 6-5-81 which was inadvertently inserted by my secretary. A check of my records reveals that this well was, indeed, spudded on May 31, 1981.

I hope that this will clear up the matter and that Ari-Mex may proceed with their next permits.

Very truly yours,

J.N. Burkhalter, PE-LS

JNB/sb
enc.

cc: Ari-Mex, Utah
State of Utah ✓

ARI-MEX Oil & Exploration, Inc.

P. O. Box 249
Moab, Utah 84532

RECEIVED
JAN 18 1982

DIVISION OF
OIL, GAS & MINING

January 16, 1982

State of Utah
Division of Oil, Gas & Mining
4241 State Office Building
Salt Lake City, Utah 84114

Attn: Cari Furse

RE: Well No. Federal Clayton #2
Sec. 4, T. 20S, R. 24E
Grand County, Utah

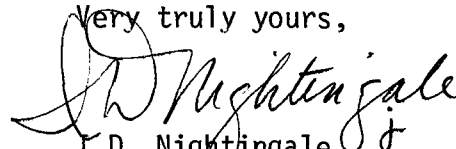
Gentlemen:

Pursuant to your letter of January 13, 1982, enclosed are the following logs run on the above referenced well:

- 1) Dual Induction Guard Log
- 2) Compensated Density Neutron Log
- 3) Cement Bond with Nuclear Log

If you have any questions or require further information, please call our office at 801-259-8615.

Very truly yours,


I.D. Nightingale
President

IDN:jj
Enclosures



STATE OF UTAH
NATURAL RESOURCES & ENERGY
Oil, Gas & Mining

Scott M. Matheson, Governor
Temple A. Reynolds, Executive Director
Cleon B. Feight, Division Director

4241 State Office Building • Salt Lake City, UT 84114 • 801-533-5771

January 13, 1982

Thriftway Comapny
P. O. Box 249
Moab, Utah 84532

Re: Well No. Federal Clayton #2
Sec. 4, T. 20S, R. 24E
Grand County, Utah

Gentlemen:

According to our records, a "Well Completion Report" filed with this office December 3, 1981, from above referred to well, indicates the following electric logs were run: Cement Bond with Gamma Ray and Correlation Log. As of todays date, this office has not received these logs.

Rule C-5, General Rules and Regulations and Rules of Practice and Procedure, requires that a well log shall be filed with the Commission together with a copy of the electric and radioactivity logs.

Your prompt attention to the above will be greatly appreciated.

Sincerely,

DIVISION OF OIL, GAS AND MINING

Cari Furse
Clerk Typist

THE FOLLOWING METERS WILL HAVE CALIBRATION / SETTLEMENT TESTS RUN ON THE DATES INDICATED. STARTING TIME WILL BE 0800 OR AS SPECIFIED BELOW AND AT THE OFFICE OF THE NORTHWEST PIPELINE GRAND JUNCTION DISTRICT YOU WILL BE NOTIFIED SHOULD ANY CHANGES OCCUR IN THIS SCHEDULE. IF YOU HAVE ANY QUESTIONS ABOUT THE SCHEDULE, CONTACT OR WRITE THE DISTRICT OFFICE.

METER CODE	WELL NAME	LOC	RUN	DAY	MO/YR	STARTING TIME
92235017	CLAYTON #2 205.24E.4	06	05	<u>5</u>	11/85	<u>1100</u>
92307016	GENIE #1 205.24E.4	06	05	<u>4</u>	12/85	<u>1200</u>

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug a well in a different reservoir.
Use "APPLICATION FOR PERMIT—" for such purposes.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. UTU15054
2. NAME OF OPERATOR ARI-MEX Oil & Exploration, Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
3. ADDRESS OF OPERATOR P.O. Box 249 Moab, UT 84532		7. UNIT AGREEMENT NAME Genie #1/Clayton #2
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface Grand County, Utah - Greater Cisco - Cisco Dome TWP 20S RNG 24E - SLM		8. FARM OR LEASE NAME
14. PERMIT NO. 43-019-30801	15. ELEVATIONS (Show whether DF, RT, GR, etc.)	9. WELL NO.
		10. FIELD AND POOL, OR WILDCAT Greater Cisco/Danish Flat
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA 4 NWNE TWP20S RNG 24E
		12. COUNTY OR PARISH Grand
		13. STATE UTAH

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF ☐

FRACTURE TREAT ☐

SHOOT OR ACIDIZE ☐

REPAIR WELL ☐

(Other) Advise of shut-in status ☐

PULL OR ALTER CASING ☐

MULTIPLE COMPLETE ☐

ABANDON* ☐

CHANGE PLANS ☐

SUBSEQUENT REPORT OF:

WATER SHUT-OFF ☐

FRACTURE TREATMENT ☐

SHOOTING OR ACIDIZING ☐

(Other) ☐

REPAIRING WELL ☐

ALTERING CASING ☐

ABANDONMENT* ☐

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Clayton #1/ Genie #2 Notification of shut-in status. Wells have been shut-in since May of 1985.

Operation of the wells is economically unfeasible.

OIL AND GAS	
DRN	RJF
JRB	CLH
DTS	SLS
1-TAS	
2- MICROFILM	
3- FILE	

18. I hereby certify that the foregoing is true and correct

SIGNED

TITLE President

DATE 4/03/90

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

Form 9

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.
Use APPLICATION FOR PERMIT—for such proposals.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other (specify) _____		6. Lease Designation and Serial Number UTU 15054
2. Name of Operator ARI-MEX Oil & Exploration, Inc.		7. Indian Allottee or Tribe Name
3. Address of Operator P O Box 249		8. Unit or Communitization Agreement
4. Telephone Number 801-259-5961		9. Well Name and Number Clayton # 2
5. Location of Well Grand County, UT - Greater Cisco Danish Flats		10. API Well Number 43019308010051
Footage OO, Sec. T., R., M.: 4 NWNE RNG: 24E TWP: 20S		11. Field and Pool, or Wildcat Greater Cisco/Danish Flats
County: Grand State: UTAH		

CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

NOTICE OF INTENT (Submit in Duplicate)

- | | |
|---|---|
| <input type="checkbox"/> Abandonment | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Recompletion |
| <input type="checkbox"/> Conversion to Injection | <input type="checkbox"/> Shoot or Acidize |
| <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Vent or Flare |
| <input type="checkbox"/> Multiple Completion | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Other <u>FARM OUT AGREEMENT</u> | |

Approximate Date Work Will Start _____

SUBSEQUENT REPORT (Submit Original Form Only)

- | | |
|--|---|
| <input type="checkbox"/> Abandonment * | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Shoot or Acidize |
| <input type="checkbox"/> Conversion to Injection | <input type="checkbox"/> Vent or Flare |
| <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Other _____ | |

Date of Work Completion _____

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION AND LOG form.
* Must be accompanied by a cement verification report.

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Requesting Change of Operator from ARI-MEX Oil & Exploration, Inc. to S & M Production care of E.M. Sussex

14. I hereby certify that the foregoing is true and correct.

Name & Signature

(State Use Only)

I.D. Nightingale

Title President

Date 9/24/90

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPlicate
(Other Instructions on
reverse side)

Form approved:
Budget Bureau No. 1001-0130
Expires August 31, 1987
6. LEASE DESIGNATION AND SERIAL NO.

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT" for such proposals.)

1. OIL ☐ GAS ☒ OTHER ☐
2. NAME OF OPERATOR
Ari Mex Oil & Exploration Inc.,
3. ADDRESS OF OPERATOR
Box 249, Moab Utah 84532
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.
See also space 17 below.)
At surface
Cisco Area Grand County, Utah
5. PHONE NO.
43-019-30801
6. ELEVATION (Show whether BE, RT, GR, etc.)
4596 GR

RECEIVED
NOV 21 1990

DIVISION OF
OIL, GAS & MINING

UT 15054
8. IF INDIAN, ALLOTTEE OR TRIBE NAME
7. UNIT AGREEMENT NAME
N/A
9. FARM OR LEASE NAME
Federal
10. WELL NO.
Genie #1 & Clayton #2
11. FIELD AND POOL, OF WELLS
Greater Cisco/Danish Flats
12. SEC., T., R., W., OR BLK. AND
RURSET OR AREA
Sec 4 T20S R24E SLB&M
13. COUNTY OR PARISH
Utah

Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF	<input type="checkbox"/>	PULL OR ALTER CASING	<input type="checkbox"/>	WATER SHUT-OFF	<input type="checkbox"/>	REPAIRING WELL	<input type="checkbox"/>
FRACURE TREAT	<input type="checkbox"/>	MULTIPLE COMPLETION	<input type="checkbox"/>	FRACURE TREATMENT	<input type="checkbox"/>	ALTERING CASING	<input type="checkbox"/>
SHOOT OR ACIDIZE	<input type="checkbox"/>	ABANDON*	<input type="checkbox"/>	SHOOTING OR ACIDIZING	<input type="checkbox"/>	ABANDONMENT*	<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>	CHANGE PLANS	<input type="checkbox"/>	(Other)	<input type="checkbox"/>		

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. WORKING PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Be advised that S&M Productions are considered to be the operator of the above lease and are to be responsible under the terms and conditions of the lease for operations conducted on the leased lands

Please be advised that we have turned Genie #1 & Clayton #2 wells on. We will be drilling 3 wells on lease U.T. 15054 before the end of Aug. 1991. Also be advised the name of our company is S M Gas Production.

Bond # 01-0130-10573-90-9 U.S. 7 & 8

18. I hereby certify that the foregoing is true and correct
SIGNED E. M. Jussay TITLE Operator S.M. Gas Production DATE 10-6-90
(This space for Federal or State office use)
APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

Routing:

1- LCR	<input checked="" type="checkbox"/>
2- DT827s	<input checked="" type="checkbox"/>
3- VLC	<input checked="" type="checkbox"/>
4- RJF	<input checked="" type="checkbox"/>
5- RWM	<input checked="" type="checkbox"/>
6- LCR	<input type="checkbox"/>

Attach all documentation received by the division regarding this change.
Initial each listed item when completed. Write N/A if item is not applicable.

- ☒ Change of Operator (well sold) ☐ Designation of Agent
☐ Designation of Operator ☐ Operator Name Change Only

The operator of the well(s) listed below has changed (EFFECTIVE DATE: 10-1-90)

TO (new operator) <u>SM GAS PRODUCTION INC.</u>	FROM (former operator) <u>ARI-MEX OIL & EXPLOR., INC.</u>
(address) <u>P. O. BOX 2165</u>	(address) <u>P. O. BOX 249</u>
<u>FARMINGTON, NM 87499</u>	<u>MOAB, UT 84532</u>
<u>E.M. Sussay</u>	<u>SKIP NIGHTINGALE</u>
phone <u>(505) 325-2604</u>	phone <u>(801) 259-5961</u>
account no. <u>N8170 (11-19-90)</u>	account no. <u>N1740</u>

Well(s) (attach additional page if needed):

Name: <u>FED. CLAYTON #2/BUKHN</u>	API: <u>4301930801</u>	Entity: <u>2050</u>	Sec <u>4</u> Twp <u>20S</u> Rng <u>24E</u>	Lease Type: <u>U-15054</u>
Name: <u>GENIE #1/DKTA</u>	API: <u>4301930935</u>	Entity: <u>2050</u>	Sec <u>4</u> Twp <u>20S</u> Rng <u>24E</u>	Lease Type: <u>U-15054</u>
Name: _____	API: _____	Entity: _____	Sec _____ Twp _____ Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____ Twp _____ Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____ Twp _____ Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____ Twp _____ Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____ Twp _____ Rng _____	Lease Type: _____

OPERATOR CHANGE DOCUMENTATION

- See 1. (Rule R615-8-10) Sundry or other legal documentation has been received from former operator (Attach to this form). (Faxed Copies Received 11-16-90)
- See 2. (Rule R615-8-10) Sundry or other legal documentation has been received from new operator (Attach to this form). 18-30-90/Fed. Clayton #2 (11-19-90 Reg. Amended Copy for Fed. Clayton #2 & Sundry for Genie #17)
*(Received 11-21-90)
- See 3. The Department of Commerce has been contacted if the new operator above is not currently operating any wells in Utah. Is company registered with the state? (yes) no no If yes, show company file number: #147578. (Letter will be mailed) 11-17-90
- See 4. (For Indian and Federal Wells ONLY) The BLM has been contacted regarding this change (attach Telephone Documentation Form to this report). Make note of BLM status in comments section of this form. Management review of Federal and Indian well operator changes should take place prior to completion of steps 5 through 9 below.
- See 5. Changes have been entered in the Oil and Gas Information System (Wang/IBM) for each well listed above.
- See 6. Cardex file has been updated for each well listed above.
- See 7. Well file labels have been updated for each well listed above.
- See 8. Changes have been included on the monthly "Operator, Address, and Account Changes" memo for distribution to State Lands and the Tax Commission.
- See 9. A folder has been set up for the Operator Change file, and a copy of this page has been placed there for reference during routing and processing of the original documents.

ENTITY REVIEW

1. (Rule R615-8-7) Entity assignments have been reviewed for all wells listed above. Were entity changes made? (yes/no) NO (If entity assignments were changed, attach copies of Form 6, Entity Action Form). *Entity 2050/2 wells produce into a common tank battery per Ari. Mex Oil & Explor. (11-16-90)*
2. State Lands and the Tax Commission have been notified through normal procedures of entity changes.

BOND VERIFICATION (Fee wells only)

1. (Rule R615-3-1) The new operator of any fee lease well listed above has furnished a proper bond.
2. A copy of this form has been placed in the new and former operators' bond files.
3. The former operator has requested a release of liability from their bond (yes/no) _____. Today's date _____ 19____. If yes, division response was made by letter dated _____ 19____.

LEASE INTEREST OWNER NOTIFICATION RESPONSIBILITY

1. (Rule R615-2-10) The former operator/lessee of any fee lease well listed above has been notified by letter dated _____ 19____, of their responsibility to notify any person with an interest in such lease of the change of operator. Documentation of such notification has been requested.
2. Copies of documents have been sent to State Lands for changes involving State leases.

MICROFILMING

All attachments to this form have been microfilmed. Date: Dec 10 1990.

FILED

1. Copies of all attachments to this form have been filed in each well file.
2. The original of this form and the original attachments have been filed in the Operator Change file.

REMARKS

901119 BLM/Werkene Approved operator change on 11-7-90, eff. same. New operator name was changed from SEM Prod. Inc. to SM Gas Prod. Inc.
* BLM is changing eff. date of change to 10-1-90 as per FARMOUT Agreement.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or to alter plugged and abandoned wells.
Use APPLICATION FOR PERMIT— for such proposals

6. Lease Designation and Serial Number

UT 15054

7. Indian Allottee or Tribe Name

8. Unit or Communitization Agreement

N/A

9. Well Name and Number

Genie #1 & Clayton #2

10. API Well Number

11. Field and Pool, or Wildcat
Greater Cisco

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other (specify)

DIVISION OF
OIL, GAS & MINING

2. Name of Operator

SM Gas Production

3. Address of Operator

P.O. Box 2165 Farmington, N.M.

4. Telephone Number

505-327-9455

5. Location of Well

Footage

43-019-30801 PGW 87499

Q.Q. Sec. T., R., M. : Sec 4 T20S R24E S1B4M

County : Grand

State : UTAH

12. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

NOTICE OF INTENT
(Submit in Duplicate)

- ☐ Abandonment ☐ New Construction
☐ Casing Repair ☐ Pull or Alter Casing
☐ Change of Plans ☐ Recompletion
☐ Conversion to Injection ☐ Shoot or Acidize
☐ Fracture Treat ☐ Vent or Flare
☐ Multiple Completion ☐ Water Shut-Off
☒ Other G.A.M. - Set Compressor

Approximate Date Work Will Start 1-14-91

SUBSEQUENT REPORT
(Submit Original Form Only)

- ☐ Abandonment ☐ New Construction
☐ Casing Repair ☐ Pull or Alter Casing
☐ Change of Plans ☐ Shoot or Acidize
☐ Conversion to Injection ☐ Vent or Flare
☐ Fracture Treat ☐ Water Shut-Off
☐ Other

Date of Work Completion

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION AND LOG form.

* Must be accompanied by a cement verification report.

13. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

We will make Clayton #2 the Co. & M.
we will set the compressor behind
the meter & then tie in the 2 wells
behind compressor.

14. I hereby certify that the foregoing is true and correct

Name & Signature

(State Use Only)

Title

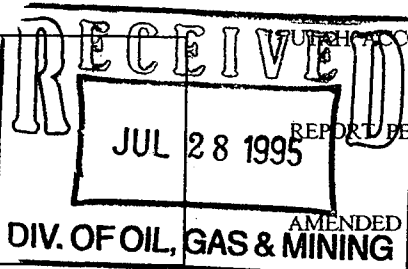
Date

1-14-91

MONTHLY OIL AND GAS PRODUCTION REPORT

OPERATOR NAME AND ADDRESS:

E M SUSSEX
SM GAS PRODUCTION INC
PO BOX 2165
FARMINGTON NM 87499



707-244-1100 ACCOUNT NUMBER: N8170

REPORT PERIOD (MONTH/YEAR): 6 / 95

AMENDED REPORT ☐ (Highlight Changes)[illegible]**COMMENTS:**

COMMENTS: S. M. is no longer Op. of this lease!
I. D. Nightengale is new Op.
P.O. Box 249 Moab, Utah - 84532
Ph. 801-259-5961

hereby certify that this report is true and complete to the best of my knowledge.

Date: 7-26-95

Name and Signature: _____

Telephone Number: _____

PHONE CONVERSATION DOCUMENTATION FORM

Route original/copy to:

☐ Well File _____☐ Suspense _____☒ Other _____

(Location) Sec _____ Twp _____ Rng _____

(Return Date) _____

Opn. Chg. _____

(API No.) _____

(To - Initials) _____

1. Date of Phone Call: 8-9-95 Time: 2:002. DOGM Employee (name) J. Cordova (Initiated Call ☒
Talked to: _____Name Merle (Initiated Call ☐ - Phone No. (801) 259-6111of (Company/Organization) BLM/moab3. Topic of Conversation: U15054

4. Highlights of Conversation: _____

Sm Gas still oper. "bonding in place"4-1 & 4-2A "may have recently PA'd, awaiting doc. Sm Gas"Will fax info. when received. (Rec'd PA info. both wells 2-29-96) forSm Gas notified that chg. will not take place until new
oper. submits doc.Sm Gas planning to oper. in near future as S.O.A.L."no doc. confirming or assuming ownership of any other
wells"*950908 BLM/moab Sm Gas to I.O. Nightengale not appr.as of yet; awaiting doc. & bonding; also no final PA sundries
for the 4-1 & 4-2A wells.*950927 No updates "BLM/moab".*951121 No Doc. /BLM*951220*951220

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Ari-Mex Oil & Exploration Company

3. Address and Telephone No.

P. O. Box 249, Moab, Utah 84532

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

550' FNL & 1961' FEL
T. 20 S., R. 24 E. Sec. 4 NWNE

5. Lease Designation and Serial No.

UTU15054

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Clayton 2

9. API Well No.

43-019-30801

10. Field and Pool, or Exploratory Area

Greater Cisco Area

11. County or Parish, State

Grand, Utah

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☒ Altering Casing
☐ Other Change of Operator
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Be advised that Ari-Mex Oil & Exploration Company is considered to be the operator of the above well(s) and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by UT0028 (Principal - Ari-Mex Oil & Exploration Company) via surety consent as provided for in 43 CFR 3104.2.

MAR - 4 1996

14. I hereby certify that the foregoing is true and correct

Signed

Title

Date

(This space for Federal or State office use)

Assistant District Manager
Resource Management

Approved by

Title

Date

Conditions of approval, if any:

CONDITIONS OF APPROVAL ATTACHED

Ari-Mex Oil & Exploration Company
Well No. Clayton 2
NWNE Sec. 4, T. 20 S., R. 24 E.
Grand County, Utah
Lease U-15054

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be advised that Ari-Mex Oil & Exploration Company is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by UT0028 (Principal - Ari-Mex Exploration Company) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

March 5, 1996

I. D. Nightengale
Ari-Mex Oil & Exploration Inc.,
P. O. Box 249
Moab, Utah 84532

Re: Genie #1 & Federal Clayton #2 Wells Located in Section 4,
Township 20 South, Range 24 East, Grand County, Utah.

Dear Mr. Nightengale:

In reviewing the operator change for the referenced wells, it was determined that your company is not currently registered with the Utah Department of Commerce. This letter is written to advise you of your responsibility to register your company with the state prior to conducting business within Utah. This can be accomplished by contacting:

Department of Commerce
Division of Corporations
160 East 300 South
Salt Lake City, Utah 84111
(801) 530-4849

Sincerely,

Lisha Cordova
Admin. Analyst

cc: Dept. of Commerce
D. T. Staley
R. J. Firth
Operator File(s)
Correspondence File/lwp

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

Routing:

1-IEC 7-SJ
2-DTS 8-FILE
3-VLD
4-RIT
5-LTCU
6-FILM

Attach all documentation received by the division regarding this change.
 Initial each listed item when completed. Write N/A if item is not applicable.

- ☒ Change of Operator (well sold) ☐ Designation of Agent
☐ Designation of Operator ☐ Operator Name Change Only

The operator of the well(s) listed below has changed (EFFECTIVE DATE: 2-28-96)

TO (new operator)	<u>ARI-MEX OIL & EXPLOR INC</u>	FROM (former operator)	<u>SM GAS PRODUCTION INC</u>
(address)	<u>PO BOX 249</u>	(address)	<u>PO BOX 2165</u>
	<u>MOAB UT 84532</u>		<u>FARMINGTON NM 87499</u>
	<u>I D NIGHTENGALE</u>		<u>E M SUSSEX</u>
	phone <u>(801) 259-8615</u>		phone <u>(505) 325-2604</u>
	account no. <u>N1740</u>		account no. <u>N 8170</u>

Well(s) (attach additional page if needed):

Name: <u>GENIE #1/DKTA</u>	API: <u>43-019-30935</u>	Entity: <u>2050</u>	Sec <u>4</u> Twp <u>20S</u> Rng <u>24E</u>	Lease Type: <u>U15054</u>
*Name: <u>FED CLAYTON #2/BUKHN</u>	API: <u>43-019-30801</u>	Entity: <u>2050</u>	Sec <u>4</u> Twp <u>20S</u> Rng <u>24E</u>	Lease Type: <u>U15054</u>
Name: _____	API: _____	Entity: _____	Sec _____ Twp _____ Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____ Twp _____ Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____ Twp _____ Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____ Twp _____ Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____ Twp _____ Rng _____	Lease Type: _____

OPERATOR CHANGE DOCUMENTATION

- Yes 1. (Rule R615-8-10) Sundry or other legal documentation has been received from former operator (Attach to this form). *(Rec'd 7-28-95)*
- Yes 2. (Rule R615-8-10) Sundry or other legal documentation has been received from new operator (Attach to this form). *(Rec'd 3-4-96)*
- Yes 3. The Department of Commerce has been contacted if the new operator above is not currently operating any wells in Utah. Is company registered with the state? (yes/no) no If yes, show company file number: _____. *(Revoked 3-15-96 #C0058175) *Letter mailed 3-5-96.*
- Yes 4. (For Indian and Federal Wells ONLY) The BLM has been contacted regarding this change (attach Telephone Documentation Form to this report). Make note of BLM status in comments section of this form. Management review of Federal and Indian well operator changes should take place prior to completion of steps 5 through 9 below.
- Yes 5. Changes have been entered in the Oil and Gas Information System (Wang/IBM) for each well listed above. *(3-5-96)*
- Yes 6. Cardex file has been updated for each well listed above. *(3-5-96)*
- Yes 7. Well file labels have been updated for each well listed above. *(3-5-96)*
- Yes 8. Changes have been included on the monthly "Operator, Address, and Account Changes" memo for distribution to State Lands and the Tax Commission. *(3-5-96)*
- Yes 9. A folder has been set up for the Operator Change file, and a copy of this page has been placed there for reference during routing and processing of the original documents.

ENTITY REVIEW

- Sec 1. (Rule R615-8-7) Entity assignments have been reviewed for all wells listed above. Were entity changes made? (yes/no) no (If entity assignments were changed, attach copies of Form 6, Entity Action Form).
- N/A 2. State Lands and the Tax Commission have been notified through normal procedures of entity changes.

BOND VERIFICATION (Fee wells only)

- N/A Sec 1. (Rule R615-3-1) The new operator of any fee lease well listed above has furnished a proper bond.
- ___ 2. A copy of this form has been placed in the new and former operators' bond files.
- ___ 3. The former operator has requested a release of liability from their bond (yes/no) ___. Today's date _____ 19___. If yes, division response was made by letter dated _____ 19___.

LEASE INTEREST OWNER NOTIFICATION RESPONSIBILITY

- N/A Sec 1. (Rule R615-2-10) The former operator/lessee of any **fee lease** well listed above has been notified by letter dated _____ 19__, of their responsibility to notify any person with an interest in such lease of the change of operator. Documentation of such notification has been requested.
- ___ 2. Copies of documents have been sent to State Lands for changes involving **State leases**.

FILMING

- LD 1. All attachments to this form have been microfilmed. Date: March 13 1996.

FILING

- ___ 1. Copies of all attachments to this form have been filed in each well file.
- ___ 2. The original of this form and the original attachments have been filed in the Operator Change file.

COMMENTS

960305 BLM/Moab Apr. 228 96.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

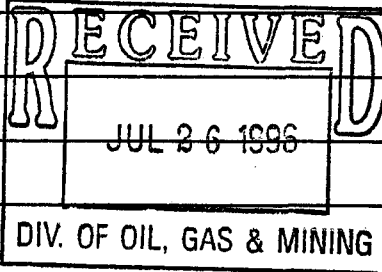
Ari-Mex Oil & Exploration Company

3. Address and Telephone No.

P.O. Box 249, Moab, Utah 84532

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

550' FNL & 1961' FEL
T. 20 S., R. 24 E. Sec. 4 NWNE



5. Lease Designation and Serial No.

UTU15054

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Clayton #2

9. API Well No.

43-019-30801

10. Field and Pool, or Exploratory Area

Greater Cisco Area

11. County or Parish, State

Grand, Utah

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
☐ Subsequent Report
☒ Final Abandonment Notice

TYPE OF ACTION

- ☒ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☐ Other

- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Plug & abandon on 3-27-96

Mix and pump 24 BBLs 9 lb bentonite mud at 1560' thru 2 3/8 tubing. In 4 1/2" production casing, Mix 14 sx class II 15 lb per gal cement pump thru 2 3/8 tubing displace to depth of 1555' to 1355'

Mix 4 sx class II 15 lb per gal cement, pump thru 2 3/8 tubing, displace to depth of 185' to 135'

Mix 4 sx class II 15 lb per gal cement and fill from 50' to surface of 4 1/2" casing

Mix 15 sx of class II cement pump and fill 7" surface casing thru 1/2" pipe with appr. 7 sx of cement

14. I hereby certify that the foregoing is true and correct

Signature

Title

Date

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

Approved: 4/9/96 VB

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Ari-Mex Oil & Exploration Company
Well No. Genie 1
SWNE Sec. 4, T. 20 S., R. 24 E.
Grand County, Utah
Lease UTU15054

CONDITIONS OF APPROVAL

Contact Rich McClure of the Bureau of Land Management, Moab Field Office at (801) 259-6111 for surface reclamation requirements.

Section V. of Onshore Oil and Gas Order No. 1 requires that operators submit three, separate notices (Form 3160-5) in relation to the plugging and abandonment of any jurisdictional well, i.e., a Notice of Intent (NIA) as a precursor to the commencement of actual abandonment operations or as a written confirmation of an orally prescribed abandonment program; a Subsequent Report of Abandonment (SRA) reflecting the actual downhole abandonment operations performed, which is to be submitted within 30 days of completing those operations; and, a notice from the operator that the required surface reclamation requirements have been completed and, thus, the site is now ready for inspection. Section V. also states that "Final abandonment shall not be approved until the surface reclamation work required by the approved drilling permit or approved abandonment notice (NIA) has been completed to the satisfaction of this office.

Accordingly, final approval of an abandoned well has two components:

- 1) Satisfactory completion of the approved downhole plugging plan.
- 2) Satisfactory reclamation of the site.

You will therefore be required to submit a Final Abandonment Notice on a Sundry Notice (Form 3160-5) when vegetative reclamation is complete. You will not be released from bond liability on this location until such final abandonment has been approved by the Moab Field Office.